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Foreign
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Economic
Report 131

International Organizations and Agricultural Development

Martin Kriesberg

THE WORLD FOOD COUNCIL 
THE ORGANIZATION OF AM-
ERICAN STATES  THE FOOD
AND AGRICULTURE ORGANIZA-
TION OF THE UNITED NATIONS
THE WORLD BANK 
THE ASIAN DEVELOPMENT BANK
UN DEVELOPMENT PROGRAM
THE INTERAMERICAN
DEVELOPMENT BANK 

**INTERNATIONAL ORGANIZATIONS
AND AGRICULTURAL DEVELOPMENT**

MARTIN KRIESBERG

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ABSTRACT

This report describes major international organizations with programs to help low-income countries improve their agriculture and rural sectors. It covers the objectives of multilateral aid organizations, the types of work they do, and the amount of assistance they provide. The publication focuses on activities since the World Food Conference of 1974 and describes trends in multilateral assistance for the past decade. The report indicates that agricultural programs have gained increased attention among international assistance organizations, and that donor countries have funneled increasing proportions of their total aid through these multilateral organizations.

The report describes the Food and Agriculture Organization, the World Food Council, and other agencies of the United Nations; the World Bank Group; the major regional development banks; and the multilateral organizations that serve Latin America and the Caribbean. Also discussed are the emerging issues and institutional arrangements for multilateral assistance in agriculture.

Keywords: International organizations, agricultural development, multilateral assistance

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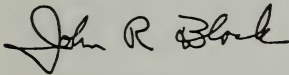
Revised November 1984

FOREWORD

This publication provides an update of efforts to overcome hunger and malnutrition in the world, and particularly the work done by international organizations since the World Food Conference of 1974. Significant progress has been made—some 800 million more people populate the world than in 1974 and food production has increased to meet their minimal needs. But millions still do not have adequate diets. The United States, in concert with many other countries, is working with UN agencies and other international organizations to help the developing country governments and peoples take the measures needed to overcome their food and agricultural problems.

I have been privileged to lead U.S. delegations to ministerial meetings of international organizations, such as the Food and Agriculture Organization (FAO) and the UN World Food Council; in 1983 I was elected to serve as Chairman of FAO's biannual conference. I have come to know first hand these and other UN agencies, such as the World Food Program and the International Fund for Agricultural Development, and have a high regard for the integrity of their leadership and the devotion to duty of their staffs.

The United States can be proud of its leadership role in the work of these international organizations. This handbook provides a wealth of useful information about the international organizations concerned with food and agriculture. But the real story is in the improved health and longer productive lives of millions around the world to which we have contributed through these agencies.

A handwritten signature in dark ink, reading "John R. Block". The signature is fluid and cursive, with the first name "John" being the most prominent part.

John R. Block
Secretary of Agriculture

GLOSSARY

AfDB	African Development Bank
AsDB	Asian Development Bank
CGFPI	Consultative Group for Food Production and Investment
CGIAR	Consultative Group for International Agricultural Research ¹
TAC	Technical Advisory Committee
CIAP	Inter-American Committee for the Alliance for Progress
CIEC	Conference for International Economic Cooperation
COW	Committee of the Whole, U.N. General Assembly
ECA	Economic Commission for Africa
ECAFE	Economic Commission for Asia and the Far East
ESCAP	Economic and Social Commission for Asia and the Pacific (new name for ECAFE)
ECLA	Economic Commission for Latin America
ECOSOC	Economic and Social Council of the UN
FAO	Food and Agriculture Organization of the UN
IBRD	International Bank for Reconstruction and Development (World Bank)
IDA	International Development Association
IFC	International Finance Corporation
IDB	Inter-American Development Bank
SPTF	Social Progress Trust Fund
FSO	Fund for Special Operations
IEFR	International Emergency Food Reserve
IFAD	International Fund for Agricultural Development
IGAD/LA	International Group for Agricultural Development/Latin America
IICA (or IAIAS)	Inter-American Institute for Agricultural Sciences/Inter-American Institute for Cooperation in Agriculture
IMF	International Monetary Fund
OAS	Organization of American States
OECD	Organization of Economic Cooperation and Development
DAC	Development Assistance Committee

(Continued)

OPEC	Organization of Petroleum Exporting Countries
PAHO	Pan American Health Organization
P.L. 480	Public Law 480 or Food for Peace Program
UN	United Nations
UNGA	United Nations General Assembly
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNEPA	United Nations Environmental Agency
UNFPA	United Nations Fund for Population Activities
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
WFC	World Food Conference
WFC	World Food Council
WFP	World Food Program
WHO	World Health Organization
WCARRD	World Conference on Agrarian Reform and Rural Development

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MARTIN KRIESBERG

SUMMARY

This report describes the work of international organizations in the field of food and agriculture. This study (an update of a 1980 publication) focuses particularly on what has taken place during the decade since the World Food Conference of November 1974.

The World Food Conference and the Seventh Special Session of the United Nations (UN) in September 1974 dealt with issues affecting the availability of food. The United States played a decisive role in both meetings, and continues to have a major part in the international forums concerned with food and agriculture.

The food crisis of 1973-74 indicated that a greater national and international effort was needed to avoid widespread hunger and malnutrition, particularly among low-income, food deficit developing countries. Major multilateral organizations concerned with development became a principal vehicle for mobilizing the resources and carrying out the resolutions agreed to at the World Food Conference. Agencies such as the World Bank and the regional development banks and the UN-related agencies such as FAO (Food and Agriculture Organization), WFP (World Food Program), IFAD (International Fund for Agriculture Development), and the international research centers, had committed some \$1.55 billion in 1973 and \$1.76 billion in 1974 to food and agricultural aid. By 1981 these organizations made new commitments of \$6.55 billion; while funding fell to \$6.20 billion in 1982, it rose again to about \$6.87 billion in 1983. Multilateral organizations committed a larger portion of their available resources to agricultural development than did bilateral aid agencies during the decade.

The World Food Conference also resulted in new institutions within the UN system, and older institutions were given broader mandates to help increase food production and improve food security, particularly for vulnerable countries. Of particular importance was the establishment of the International Fund for Agricultural Development (IFAD), a new UN agency with initial resources of over \$1 billion to be used for concessional loans, primarily to improve food production in low-income countries. A World Food Council was set up to review and report on programs and progress in food and agricultural activities of other international agencies.

The World Bank (IBRD) and the Inter-American Development Bank (IDB) have put major emphasis on projects to improve irrigation and to establish credit institutions to aid farmers in purchasing needed production inputs, particularly fertilizer and machinery. IBRD and IDB have supported international agricultural research institutions and IBRD has begun a program of lending to facilitate structural adjustments in the agricultural sector where needed.

FAO's program budget and developing country aid were increased substantially in the years after 1974. FAO emphasized training and technical assistance at country levels, and helped with formulating projects for external fundings in the agricultural sector. In recent years, FAO has been concerned about trade problems of developing countries, the interface between trade and development and issues of agricultural adjustment. FAO has also sought an international role for improving food security. The governing body of the UN/FAO World Food Program was given a wider

mandate and an international emergency food reserve was established under its aegis. Important issues have arisen in connection with the increased role of international organizations in worldwide agricultural development and these pose problems for U.S. policy.

While developing countries have pressed for more development aid, they have also pressed for a new international economic order. Over the opposition of most Western nations, the UN General Assembly adopted a declaration on a new economic order together with a "charter" on rights and obligations in international economic matters to benefit developing countries. But the earlier acrimonious confrontations between industrialized and developing countries have been muted in recent years. A key question is whether the international organizations will be instruments of development assistance or of fundamental changes in the relationship between industrialized and developing countries.

The food crisis of 1973/74 gave added impetus to programs for increasing production in developing countries and significant gains in food production have been recorded in many developing countries, particularly in Asia and Latin America. By the early 1980's, a global grain surplus had again accumulated. But in Africa hunger and malnutrition were widespread; population growth exceeded the small production increases so that on a per capita basis there was little gain during the decade. Persistent drought compounded the problem in a large part of Africa.

With the increased role of multilateral institutions in providing development assistance, the problem of coordination has grown more complex. Both donor and recipient governments have sharpened their concern for more effective use of available resources. Since the 1974 World Food Conference, institutions with some coordinating responsibility like the World Food Council, have been established. But at issue is who will control and direct the growing flow of resources for food and agricultural development.

Among some developing countries, the question is partially answered by the preference for a transfer of resources with a minimum of strings and involvement by donor countries and their institutions. Difficulty in resolving issues that confront the United States in international forums may cause the United States to increasingly assume a role of less involvement and to enter its reservation on important matters. But this reaction, and the failure of the United States to fully employ its leadership capacity, may lead, in turn, to even more diffusion of purpose and greater departures from the U.S. point of view of the priorities of multilateral agencies. The United States may need to commit itself to greater, rather than less, participation in international organizations.

CONTENTS

Chapter	Page
Glossary of International Organizations	iv
Summary	vi
1. Introduction	1
Agricultural Development Activities of International Organizations .	2
Trends in Multilateral Assistance	6
The United States and the International Organizations	10
2. World Food Conference and New International Institutions	17
The World Food Conference	17
World Food Council	20
International Fund for Agricultural Development	24
Assessment of Conference Impact and Follow-up Actions	28
3. United Nations Development Program	35
Background	35
Organization and Operations	35
Program of Assistance	37
UNDP Procedures for Program Evaluation	42
Other Activities Administered by UNDP	43
4. Food and Agriculture Organization	47
Background	47
Organization and Operations	47
Selected Technical Programs	50
Social and Economic Policy Programs	58
World Conference on Agrarian Reform and Rural Development . . .	60
Other Programs	61
Program Evaluation	62
5. The UN/FAO World Food Program	64
Background	64
Program Objectives and Operations	64
Coordination of International Food Aid	68
6. The World Bank Group	70
Background	70
Funding and Organization	70
Development Assistance in Agriculture	77
Other Program Activities	79
International Finance Corporation	81

(Continued)

7. Inter-American Development Bank	85
Background	85
Organization and Operations	86
Assistance for Agricultural Development	89
Technical Cooperation and Training	90
8. Asian Development Bank	93
Background	93
Organization and Operations	93
Development Assistance in Agriculture	96
9. The African Development Bank	98
Organization and Operations	98
African Development Fund (AfDF)	90
Program Activities	100
10. The Inter-American Multilateral Organizations	102
Background	102
Inter-American Institute for Cooperation in Agriculture	102
Multilateral Organizations for Central America and the Caribbean ..	109
11. International Agricultural Research Centers	111
Background	111
The Consultative Group on International Agricultural Research (CGIAR)	112
Organization and Focus of CGIAR Centers and Programs	117
12. United Nations Conference on Trade and Development	121
Background	121
Confrontations and Accommodations	122
13. Emerging Issues and Institutional Arrangements	127
Goals and Targets	127
Development Assistance or a New International Economic Order ...	127
Food Production, Commercialization, and Rural Development	130
World Agriculture, Population Growth, and the Environment	131
Program Coordination and Effective Use of Resources	133

1. INTRODUCTION

The World Food Conference, convened by the United Nations (UN) in November 1974, and the UN Seventh Special Session, held in September 1975, were watersheds in the international effort to deal more effectively with world hunger. These two meetings were particularly significant because they dealt with a wide range of issues affecting availability of food for developing countries, and also because the United States played an important role in their achievements.

This publication is a U.S. perspective on the years 1974-84, a decade in which the United States provided leadership for multilateral efforts, particularly in food and agricultural development. These years brought an increased flow of energies and resources, and significant achievements in worldwide production and consumption of foods—except for a wide swath of countries from the Sahel to southern Africa.

At the meetings in 1974 and 1975, the United States recognized the need for concerted international action, and it advanced important proposals to ameliorate the problem of world hunger. It was a U.S. proposal that initiated the World Food Conference. The Conference concluded that the problems of adequate food supplies for the world's low-income people are not solely problems of farming technology, but involve broad political and economic relationships among nations. The Conference noted the historic shift from a situation in which U.S. surplus production and stocks of grain would give supply and price stability for much of the world to a situation in which such stability could only come about through worldwide cooperation.

But now, a decade later, many are saying that the preoccupation of the Conference with world food shortages and scarcities was too narrowly focused. Recent events have demonstrated that there is productive capacity to meet world demand for food. Although the number who are malnourished remains unduly high and seems not to have declined during the decade, there are now 770 million more people in the world than in 1974 and food production in developing and industrialized countries has increased to take care of their needs. Within the United States and the EC countries there is growing concern over surplus capacity, when measured against market demand for foodstuffs (rather than worldwide nutritional needs).

The Seventh Special Session of the UN General Assembly (UNGA) in September 1974 also dealt with food problems and the United States played a principal role in the debate. Then at the UN Conference on Trade and Development (UNCTAD) meeting of 1976 the U.S. Secretary of State proposed:

- Doubling of U.S. bilateral aid for the development of food and agriculture in low-income countries,
- A conditional pledge of \$200 million toward a new \$1 billion International Fund for Agricultural Development,
- New dialogues on commodities between producer and consumer nations,
- An increase of 20 percent in the U.S. food aid budgets, and
- Proposals on the establishment of world grain reserves.

U.S. action in both international forums was new evidence of the importance this country was giving to economic development. The United States has been a principal architect of the UN system and of the specialized agencies concerned with economic development. Its financial support for multilateral assistance steadily increased during 1970-79 in contrast to support for bilateral assistance. But the number of impoverished and undernourished has not diminished and the poorest countries have become even more dependent on U.S. harvests and technical assistance. At the same time, overall U.S. aid, in real terms, declined during the early 1980's and U.S. assistance through international organizations is now being reassessed.

Indeed, while U.S. compassion is aroused to provide more emergency food aid to overcome the endemic food problems in many countries of Africa, U.S. policymakers are questioning the desirability of putting more resources into multilateral agencies for the economic development of these low-income countries.

During the past 10 years, international institutions have received increasing resources and multilateral aid agencies in turn have allocated a growing proportion of their resources to the problems of increasing food supplies and improving rural conditions. The food crisis of 1973-74 indicated that a greater national and international effort was needed, and the trend toward greater multilateral aid to agriculture was accelerated. But as food production in many developing countries recovered and food stocks increased, the sense of urgency diminished and the growth in resources available for improving agriculture and rural development is now questioned.

This study, which updates earlier publications of 1977 and 1980, focuses particularly on what has taken place since the World Food Conference because those years have been marked by the creation of new institutions and new initiatives in the international community. The United States, as well as the international community and its institutions, stands at a new threshold of cooperation or separateness. As the strongest economy in the world, and with preeminence in food and agriculture, the United States will consciously or unconsciously leave its mark on whatever the international community and its agencies do in the years ahead.

Agricultural Development Activities of International Organizations

A large number of intergovernmental organizations are involved wholly or partially in world food and agricultural matters. The UN system is the most comprehensive, but it does not encompass all of these organizations. A report of the U.S. Senate Select Committee on Nutrition and Human Needs compiled a list of some 89 international governmental organizations that influence national and international food policies.

Included in this listing are UN agencies, international development banks, autonomous intergovernmental commodity groups, specialized technical bodies (e.g., the Desert Locust Control Organization for Eastern Africa), and specialized regional bodies (e.g., the Arab Center for the Study of Arid Zones and Dry Lands).

This study encompasses only those organizations involved in providing development assistance in food and agriculture for developing countries. Many of the

organizations included in this survey began operations as "collegiate" agencies, bringing together technical personnel. Others were financial institutions that originally serviced countries at various economic levels, but most have become oriented primarily toward the needs of developing countries. Except for the discussion regarding development assistance by the petroleum exporting countries, we include only organizations officially supported by the United States, and for which available data are reasonably adequate and verifiable by U.S. sources.

Most of the international organizations providing assistance for agricultural development in low-income countries are autonomous organizations associated with the UN system (see figure 1). These include the Food and Agriculture Organization of the UN (FAO), the largest organization primarily concerned with the world's agriculture, and the United Nations Development Program (UNDP), which provides some coordination and considerable funding for development activities carried out by FAO and other organizations. The World Bank is also part of the UN family.

Most of the international organizations providing economic aid that are affiliated with the UN are linked to it through the UN Economic and Social Council (ECOSOC). ECOSOC itself participates in development activities, especially through its Economic Commissions for Asia and the Far East (ECAFE), Africa (ECA), Europe (ECE), and Latin America (ECLA). The UN Conference on Trade and Development (UNCTAD) deals with, among other things, the international market side of agricultural development.

A number of organizations were established in the wake of the World Food Conference to deal with various aspects of the food and agriculture problem. One is the World Food Council, a coordinating body providing an overview of what other international organizations are doing; a second is the International Fund for Agricultural Development (IFAD). These new agencies are discussed in chapter 2. (See figure 2 for their relationship to the UN system.)

The Inter-American Development Bank (IDB) and the Asian Development Bank (ADB) are not affiliated with the UN. The African Development Bank (ADB), though founded under UN sponsorship, operates apart from the UN system. In Latin America, the Organization of American States (OAS) aids the development of agriculture in member states by technical assistance and training activities directly and through its agricultural arm, the Inter-American Institute for Cooperation in Agriculture (IICA). The agricultural activities of these agencies are included in this report.

This report does not include accounts of organizations concerned less directly with agricultural development, such as the World Health Organization (WHO), International Labor Office (ILO), the United Nations Educational, Scientific, and Cultural Organization (UNESCO), nor with the regional economic commissions of the UN. However, there are brief descriptions of cooperative undertakings involving the FAO and other international organizations, not otherwise covered. This report does not cover international commodity organizations such as the International Wheat Council, the International Institute for Cotton, or international agreements for such agricultural crops as sugar or coffee—though these activities influence the work of FAO and other UN bodies and significantly affect the agricultural sector of developing countries.

THE UNITED NATIONS FAMILY

(A PARTIAL LISTING OF ORGANIZATIONS AND AGENCIES)

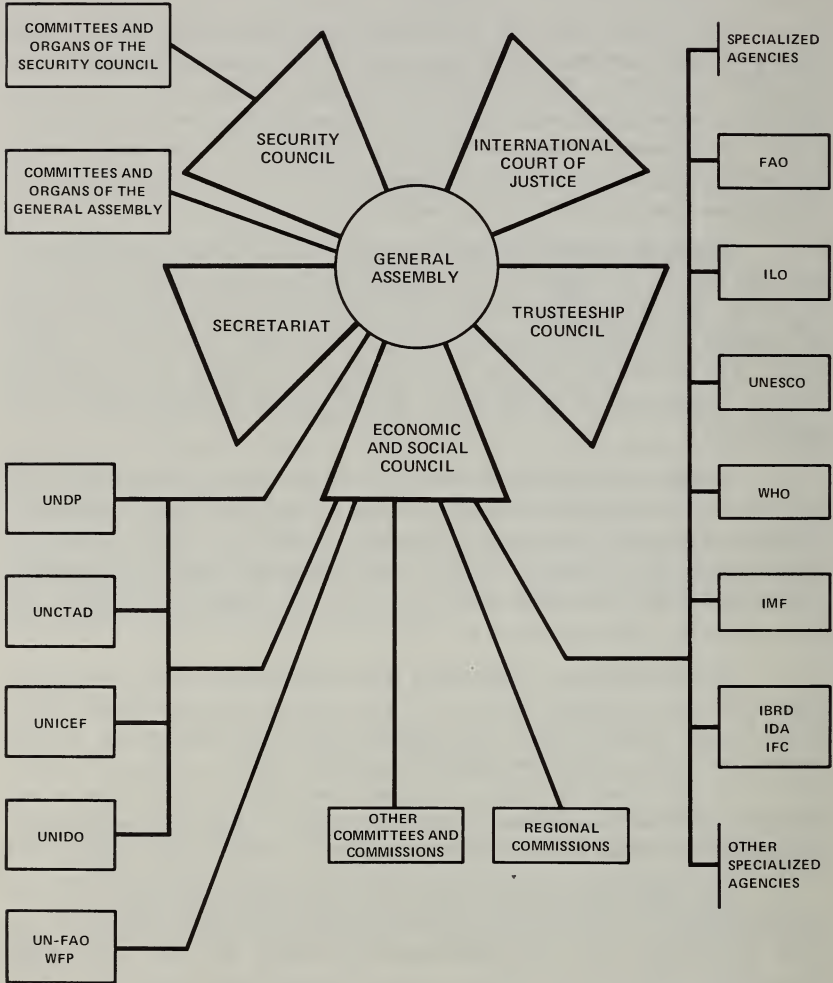
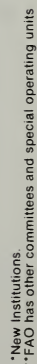


Figure 1

International Organizations Concerned with Food and Agricultural Development



Trends in Multilateral Assistance

Contributions by OECD/DAC Countries¹

About 75 percent of the financial assistance going to less developed countries of the world comes from the OECD/DAC countries. In 1982 this assistance, on concessional terms (ODA—official development assistance) amounted to almost \$28 billion. And during the decade 1974-83, the ratio of multilateral aid to the total ODA increased substantially among the OECD countries, including the United States. Although the amount of assistance moving through multilaterals fluctuated from year to year owing to extraneous factors, the trend was sharply up for the first half of the 1974-83 decade, but appears to have leveled in the second half. (The increased percentage for 1982 shown in table 1 appears to be a catchup from the low of 1981.) The U.S. share of contributions to ODA by international organizations went from 13 percent in 1970, to 23.6 percent in 1974, and then to 38.4 percent in 1977-78; after that, the percentage declined somewhat to 33.9 percent in 1981-82.

During the early 1980's there has been a general leveling of the amount of assistance going from OECD/DAC countries to developing countries—which carried over to their voluntary contributions to UN agencies and concessional arms of the international development banks. However, in the record on assistance to the food and agriculture sector of developing countries, multilateral aid has held up better than bilateral. Thus, in 1974 multilateral organizations committed some 50 percent of the concessional and other aid to food and agriculture, while DAC's bilateral aid, on the

Table 1—Contributions to international organizations as a percentage of total official aid of OECD/DAC countries, 1972–83

Year	Percent	Billions ¹	Year	Percent	Billions ¹
1972	16.6	1.39	1979	23.1	5.27
1973	24.2	1.96	1980	27.8	7.58
1974	27.0	2.70	1981	28.6	7.30
1975	27.6	3.68	1982	32.7	9.3
1976	28.0	3.45	1983	25.0 ²	8.8 ²
1977	31.0	4.93			
1978	31.7	6.33			

¹ Billions of dollars at current prices.

² The decline in 1983 from 1982 is related more to accidental fluctuations in the timing of contributions to multilateral agencies than to a basic change in DAC country allocations.

Source: OECD/DAC Chairman's Report, 1983.

¹The Organization for Economic Cooperation and Development is made up of industrialized countries. Its Development Assistance Committee (DAC) member countries include Australia, Austria, Belgium, Canada, Denmark, Finland, France, West Germany, Italy, Japan, the Netherlands, Norway, New Zealand, Sweden, Switzerland, the United Kingdom, and the United States. Source: Development Cooperation, 1975 and 1982; OECD/DAC Chairman's Report, 1983. OECD, Paris.

same basis, was 45 percent of the total flow of resources to those areas that year. By 1982, the multilateral portion had risen to some 58 percent and the bilateral had fallen to 41 percent.²

The U.S. portion of the total official development assistance given by OECD countries declined from 31 percent in 1970 to 22 percent in 1977. In 1978 the United States contributed \$5.66 billion, an increase to 27 percent of OECD totals; but in 1979 U.S. assistance fell to \$4.57 billion, dipping below 20 percent of the OECD total for the first time. It has remained at this percentage level during the early 1980's.

Within the OECD/DAC countries, the European Community (EC)³ carries on a multilateral assistance program through several of its own institutions, principally the European Development Fund and the European Investment Bank. The Fund provides assistance, mostly as grants; its resources are derived from special contributions from

Table 2—Proportion of official development assistance of OECD countries through multilateral development agencies, selected years, 1970 to 1982¹

Commitments						
Country	1970	1974	1978	1980	1981	1982
<i>Percent</i>						
Norway	60.2	44.4	45.8	42.0	41.4	40.0
Sweden	46.1	41.8	39.6	29.0	34.0	38.0
Denmark	36.7	44.5	43.9	40.1	42.0	44.0
Netherlands	21.3	30.5	26.5	23.0	21.0	19.0
Switzerland	39.1	34.0	41.8	24.9	25.0	25.0
Italy	47.4	99.9	87.3	82.5	60.0	54.0
Austria	60.3	66.3	32.0	31.0	20.0	19.0
Canada	22.7	30.4	38.8	41.0	38.0	32.0
Belgium	22.9	23.4	15.0	16.0	24.0	28.0
Germany	22.2	29.0	29.7	28.0	23.0	18.0
Japan	18.9	21.8	30.9	34.0	28.0	24.0
United Kingdom	10.7	30.3	42.1	28.0	30.0	33.0
Australia	6.1	9.4	22.0	26.0	27.0	27.5
United States	12.9	23.6	38.7	27.0	30.0	34.5
France	10.6	14.1	10.0	10.0	8.5	8.5
Weighted DAC average	16.5	27.0	32.7	27.0	27.0	28.5

¹ From *OECD/DAC Chairman's Report, June 1983*. Percentages for EEC countries do not include contributions made directly from the EC.

²Not included is a small amount of aid that was contributed by OPEC countries on a bilateral or multilateral basis. *OECD/DAC Chairman's Report for 1983*.

³Originally, six countries comprised the EC: France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg; the United Kingdom, Ireland, and Denmark are also members now and contribute to EC multilateral assistance agencies.

member states. The European Investment Bank makes loans on concessional terms; its resources are provided by member states and borrowings on capital markets.

Four phases of resource replenishments have taken place since the EC program began in 1959. The level of assistance was greatly increased by the fourth replenishment, associated with the Lomé Convention, a wide-ranging economic aid agreement with 46 countries in Africa, the Caribbean, and the Pacific. Some 3.15 billion units of account or "u/a" were pledged to the Fund and 400 million u/a to the Bank for the period 1975-80. In 1974 and 1975, a significant portion (about 40 percent) of all grant assistance was in the form of food aid. Assistance provided by member states through the EC Fund and Bank is separate from their respective bilateral programs and participation through other multilateral aid institutions. However, assistance provided through the Fund and the Bank is considered part of official development assistance and is included in the amounts usually aggregated as aid from the OECD/DAC group of countries. A significant proportion of the assistance provided by the European Development Fund and the European Investment Bank goes for the poorest countries and for rural development. The EC has continued these activities through 1983.

Multilateral Assistance by OPEC Countries

As the nations in the Organization of Petroleum Exporting Countries (OPEC) acquired new wealth and substantial reserves of convertible currencies, questions were raised concerning their contribution toward the economic development of low-income countries. OPEC-country efforts to provide development assistance have only recently begun and it is not clear how much of the aid has been for economic development, military, or budgetary support.

Three aspects of aid from OPEC countries should be noted. First, the amounts of wealth and reserves among OPEC countries vary greatly; hence their ability to transfer resources to other developing countries also varies. Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates, with relatively small populations and large earnings, and to a lesser extent Iran and Venezuela are in a position to make significant contributions. Since 1979 Iran's ability to provide foreign assistance, and its interest in doing so, have been uncertain. Other OPEC countries, such as Indonesia and Nigeria, do not have large capital reserves. Second, much of the grant or concessional aid that has been provided thus far has been directed toward Arab countries and appears to be for budgetary support purposes. Third, most of the resources that have been provided through existing international organizations have been by purchases of bonds marketed by the development banks, which carry competitive interest rates and guarantees by the industrialized countries.

Multilateral aid has been a small part of the total aid announced by OPEC countries. In 1981, concessional development assistance commitments by OPEC countries through multilateral agencies was over \$2 billion. It is not known what portion of this money was for food and agricultural projects in recipient countries. Most of the money contributed to multilateral agencies went to newly established regional Arab institutions. Table 3 lists the multilateral institutions receiving support from OPEC countries and the amount of commitments and disbursements during the years 1974-81.

In 1976 an \$800 million special fund with contributions from 11 OPEC countries was established. It provides very concessional loans, particularly for some 40

**Table 3—OPEC concessional assistance through multilateral organizations¹
for selected years, 1974-81**

Multilateral Organizations	Commitments					Disbursements				
	1974	1976	1978	1980	1981	1974	1976	1978	1980	1981
	<i>Million dollars</i>									
African Development Bank and Fund	33	84	42	—	176	31	42	39	12	102
Arab Fund for Economic and Social Development	38	128	89	205	177	38	122	91	205	177
OAPEC ² Special Fund for Africa	78	—	—	—	—	78	32	—	—	—
Arab Bank for Economic Development in Africa	100	—	—	50	—	—	45	—	76	17
Islamic Development Bank	140	135	156	—	187	1	11	—	2	—
Islamic Solidarity Fund	13	11	—	6	—	—	11	—	6	—
Caribbean Development Bank	10	—	—	2	11	10	—	—	1	9
UN Special Acct. and UN Agencies	170	106	62	58	118	120	94	144	126	92
IDA and IBRD	11	31	324	42	262	9	10	128	42	218
Other	8	—	—	10	—	1	—	—	8	—
OPEC Special Fund	—	388	100	551	1,333	—	211	210	240	257
Totals	601	885	675	926	2,257	297	834	614	721	873

¹ Data based on OECD/IDAC Chairman's Report, 1983.

² Organization of Arab Petroleum Exporting Countries.

countries identified by the UN as most in need. OPEC contributed \$400 million of this as an initial contribution to the International Fund for Agricultural Development (IFAD).

Trends in Program Commitments By International Organizations

In recent years the multilateral institutions supported by the United States and other OECD/DAC countries have given high priority to agriculture and rural development. The UNDP, IBRD, and IDB allocated greatly increased funds for agricultural projects during the 1970's and early 1980's as shown in table 4.

In 1982, the total dollar commitments declined somewhat to \$6.2 billion, but given accelerated rates of inflation, this represented a significant drop in resource flows. Most of this decline reflects World Bank problems in bringing new projects through the pipeline and, possibly, some problems in absorptive capacity. Table 4 suggests that large IBRD commitments in one year are often followed by a decline from trend the following year; for the fiscal year ending June 30, 1983, the World Bank's loans to agriculture and rural development rebounded to \$3.7 billion from \$3.1 billion the preceding year.

But the climate for an increased flow of ODA through multilaterals did not seem favorable in 1983. Some evidences of the problem: The World Bank's concessional lending arm, the International Development Association (IDA) will have a lower level of replenishments than in the previous replenishment period, down from \$12 billion to \$9 billion. A replenishment for IFAD, if the negotiating positions of OECD and OPEC governments can be bridged at all, will probably be at a lesser level than the first replenishment; and the major specialized agencies of the UN system are under strictures not to seek increased program funding in their assessed budget requests.

With most currencies at a disadvantage against the dollar, payments in dollars required in agencies of the UN system can mean higher amounts for most contributors, but the inflation of recent years has meant less program activities for the amounts budgeted.

In comparing levels of development assistance over the decade, it is necessary to take into account the rapid inflation that has taken place since 1973-74. Thus, although multilateral agencies committed almost \$7 billion to the food and agriculture sector, in 1983 "current" dollars, this would mean only about \$5 billion in "real" terms, as compared to 1975. (Based on the U.N. unit value index of manufactured goods which developing countries might buy from industrialized countries on financial projects.)

Multilateral aid organizations are directing increased attention to problems of the least developed among the developing countries and the poorest sectors of the population within them. Existing programs are being reexamined and a search is under way for new programs to reach these groups which participated little in the improved economic conditions of the 1970's and were often particularly hurt during the worldwide economic recession of 1981-82.

The United States and the International Organizations

Policies on U.S. Contributions to Multinational Development Organizations

The principal multinational organizations to which the United States has contributed are the United Nations and its specialized agencies and the international

Table 4—Agricultural funding by international organizations
new program commitments, 1973–83

Organization	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982 ³	1983 ³
	<i>Million dollars</i>										
IBRD/IDA ¹	937.7	955.9	1,857.5	1,627.6	2,307.9	3,269.7	2,522.0	3,458.0	3,763.0	3,078.4	3,693.3
IDB/FSO ¹	187.0	238.0	332.0	427.9	351.0	263.7	711.0	623.0	690.7	768.0	750.0
AsDB/AsDF	47.3	134.0	245.9	200.9	259.7	310.7	411.6	467.9	541.6	621.3	(620.0)
AFDB/AIDF	—	26.7	32.2	40.0	58.0	65.2	92.6	128.5	152.6	212.0	(225.0)
IFAD	—	—	—	—	—	117.6	372.1	380.5	353.6	(300.0)	260
FAO/UNDP ²	165.2	185.2	254.1	278.0	280.0	317.0	354.0	429.8	429.8	530.0	540.0
WFP/IEFR	211.7	226.0	330.0	295.0	382.9	427.0	533.5	570.0	466.1	524.5	580.0
CGIAR	—	—	49.8	67.7	87.7	106.7	125.8	140.0	150.0	158.0	162.0
Totals	1,548.9	1,765.8	3,101.5	2,937.1	3,726.7	4,877.6	5,122.6	6,197.7	6,547.4	6,192.2	6,830.3

¹ IBRD and IDB, as financial institutions, report funding in terms of program activities; the figures here do not include their administrative costs. IBRD figures are for fiscal years, beginning June 30 of the year indicated, i.e. the IBRD figure for 1981 reflects commitments made for the FY ending June 30, 1982.

² FAO's regular budget, UNDP funds allocated to FAO, and other resources provided for FAO's work.

³ Figures in brackets are preliminary.

development banks. Most U.S. contributions have been in amounts and at times determined in concert with other member countries. To a large extent, contributions are related to the countries' relative ability to pay. The United States has also made voluntary contributions to the international finance institutions, but most of the support has been through capital subscriptions, including provisions for callable capital resources. The callable capital is not paid in but provides the guarantee which permits development banks to borrow monies at favorable rates in the commercial money markets of the world.

The U.S. approach in contributing to multinational aid organizations has been characterized by several considerations. The United States has channeled an increasing share of its overall economic and humanitarian assistance through the international institutions until the early 1980's. Second, it has sought to strengthen the administrative and operational effectiveness of these organizations so that the United States and the recipient countries obtain increased value for the money expended. Third, the United States has urged the international organizations to give priority in their aid to the most needy countries and population groups within them. Fourth, the United States has sought to have its contributions make up a smaller part of the total development programs of the international organizations by encouraging other developed countries (and developing countries with large foreign exchange reserves) to carry a larger share of the burden. As part of that policy, the United States has sought and succeeded in having assessed budgets of the international organization make up a smaller portion of total resources—with more being made available as voluntary contributions.

During the early 1980's, the United States also sought to link its foreign assistance more closely to its foreign policy objectives and this effort was extended to the multilateral organizations the United States supports. This U.S. policy may have contributed to a greater emphasis on bilateral rather than multilateral assistance.

Table 5 indicates the trend of U.S. bilateral and multilateral assistance for the 10-year period, fiscal 1974-83. In multilateral assistance, the portion of funds allocated to multilateral institutions by the Agency for International Development and the Department of Agriculture for food aid has been subtracted from the bilateral figures and included along with direct appropriations to multilateral agencies. U.S. appropriations for the development banks include monies for capital subscriptions and for concessional fund operations.

During the first half of the 1974-84 decade—the years immediately following the World Food Conference—U.S. foreign economic development assistance grew significantly. The proportion going through multilateral agencies, which reached 30 percent in 1974, was largely sustained through FY 1979. Thereafter, the proportions going through multilaterals declined to about 25 percent during the years 1981-83.

U.S. Government Agencies and the International Organizations

Within the executive branch of the U.S. Government, the Department of State has overall responsibility for U.S. relations with multilateral organizations. Liaison with the international finance institutions such as IBRD and IDB is delegated to the Treasury Department, and the Department of Agriculture coordinates participation in FAO. In each of these Departments an assistant secretary concerned with international affairs provides leadership. In USDA it has been the Under Secretary for International Affairs

Table 5—U.S. foreign development assistance through selected bilateral and multilateral agencies, FY 1974 through 1983

	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 83 (Preliminary)
<i>Million dollars</i>										
Bilateral										
AID (economic, humanitarian, and support)	1,452.3	1,898.1	2,767.1	2,946.0	3,513.0	3,882.0	3,778.7	3,981.5	4,625.0	4,977.0
Food Aid (P.L. 480)	849.0	1,076.0	964.0	1,258.0	1,923.0	1,374.0	1,585.2	1,605.8	1,416.6	1,509.0
Peace Corps	76.9	77.6	81.0	80.0	86.2	99.2	103.2	111.2	104.7	109.0
Total	2,378.2	3,051.7	3,812.1	4,284.0	5,522.2	5,355.2	5,467.1	5,698.5	6,146.3	6,595.0
Multilateral										
Asian Development Bank/ASDF	50.1	74.1	120.6	145.6	217.5	264.9	126.6	139.6	120.8	131.8
Inter-American Development Bank/FSO ¹	418.4	255.0	440.0	906.0	480.0	763.7	219.1	251.5	221.3	284.1
World Bank/IDA	320.0	320.0	375.0	430.0	1,218.0 ⁵	1,460.0 ⁵	1,107.3 ⁵	592.7	700.0	945.0
UNDP	70.8	77.9	100.0	100.0	115.0	126.0	126.0	126.0	127.3	(125.0)
UN specialized agencies (assessed budgets)	146.8	146.6	147.9	244.0	281.3	283.9	298.6	265.1	258.0	(250.0)
UN agencies volunteer contributions ⁴	91.2	124.9	129.0	159.6	189.2	247.9	285.2	315.0	329.5	(330.0)
UN/FAO World Food Program	68.0	66.1	73.9	89.0	89.0	110.0	97.0	139.0	79.0	125.0
Inter-American organizations ³	38.4	40.5	44.4	52.7	74.5	67.4	69.1	69.4	98.8	(90.0)
Total	1,203.7	1,075.1	1,430.8	2,126.9	2,664.5	2,314.2	1,918.8	1,898.3	1,934.7	2,280.9
Total official foreign assistance	3,581.9	4,026.8	5,242.9	6,410.9	8,186.7	7,669.4	7,385.9	7,596.8	8,018.0	8,575.9
Percent multilateral	29.7	26.7	27.3	33.2	32.5	30.2	26.0	25.0	23.9	25.9

¹ The IDB operates on a calendar-year basis but the figures used here are FY appropriations during the respective calendar year; FY 1973 figures include \$225 million for replenishment of the FSO and \$193.4 million of ordinary capital.

² Figures for the UN agency group are for assessed budgets for the regular operations of the UN and its associated organizations; UNDP is listed separately.

³ The organizations include those of the Inter-American system; i.e. OAS, IICA and PAHO.

⁴ The special voluntary programs include contributions for the multilateral refugee programs; in 1976 the increase is accounted for by \$200 million earmarked for IFAD.

⁵ These amounts include U.S. contributions to IBRD/IDA in connection with new replenishments.

Sources: AID: Total program availability from Congressional Presentation, Reports Division, Office of Financial Management, P.L. 480; USDA/ASCS; totals do not include transportation costs. Development banks: Annual reports, UN and UN agencies, regional organizations, and special voluntary programs; 1983, communication from the Secretary of State transmitting the Annual Report on U.S. Contributions to International Organizations, Washington; House Document No. 94-333 and annual reports printed in 1976 and 1983; budget presentations by the Department of State for 1983.

and Commodity Programs. The Treasury Department operates through an interagency committee, the National Advisory Council on International Monetary and Financial Policies (NAC), which includes representatives of AID, the Export-Import Bank, the Federal Reserve Bank, and the Departments of State, Commerce, and Agriculture, as well as other agencies having an interest in international economic affairs. The NAC submits an annual report to the President and the Congress.

In providing liaison for FAO and several other international organizations, the Department of Agriculture works through an Interagency Working Group, which has representatives from the Department of State, AID, and various USDA agencies concerned with international agriculture, forestry, and nutrition. The agencies represented are responsible for formulating U.S. policy on programs and operations of FAO and other multilateral agencies concerned with food, agriculture, and rural development.

The Department of State provides leadership and liaison with the UN General Assembly and the UNDP, but it delegates technical responsibility for other technical UN bodies, such as the ILO and WHO, to the appropriate U.S. agency, such as the Department of Labor, Department of Education, or the Department of Health and Human Services.

In each Department with delegated responsibility, a few people devote most of their time to international organizations and draw upon others as needed from their agency and other relevant agencies to draft U.S. position papers and participate in technical meetings or in meetings of the governing bodies. Since some specialized organizations of the UN have become the scene of political as well as technical debates—with issues being carried over from the UN General Assembly—the need for continuity and political sensitivity on the part of U.S. representatives to these agencies has become more evident.

Also participating in U.S. policies and actions pertaining to international organizations are the U.S. missions accredited to posts where daily activities require the attention of U.S. representatives. Thus, there is a U.S. mission to the United Nations in New York headed by an ambassador reporting directly to the Secretary of State. In Rome, where four major international food and agriculture organizations are headquartered, there is also a U.S. mission headed by an ambassador. The U.S. staff in the Rome mission includes representatives from USDA and AID as well as the State Department.

Because world food and agricultural problems have an impact on U.S. domestic as well as foreign policies and on nonagricultural as well as agricultural sectors, U.S. agencies with several different missions and constituencies are involved in shaping U.S. policies in international agriculture. For example, the Department of Agriculture has a special interest in helping expand exports of agricultural commodities; the Treasury Department has a concern with balance of payments and the cost of food in the United States; and the Department of State has a primary interest in how international agricultural policies affect U.S. foreign policy objectives. To assure involvement of the different U.S. agencies and interests in this process, additional coordinating mechanisms have been established.

Under provisions of the U.S. Foreign Assistance Act, as amended in 1973, the Development Coordination Committee (DCC) was established. The DCC has representatives from the Departments of Agriculture, State, Treasury, Labor, and Commerce, as well as the Export-Import Bank, the Office of Management and Budget, the National Security Council, and others. The Development Coordination Committee is responsible for overall U.S. policies affecting development activities in low-income countries,

including U.S. voluntary contributions to multilateral organizations concerned with development. It publishes an annual report to the Congress on development events and issues. The DCC operates through several working committees including: the Subcommittee on Multilateral Assistance (which has the Inter-agency Working Group on Food and Agriculture), Subcommittee on Food Aid, and Subcommittee on Bilateral Assistance. Most of the subcommittees under the DCC meet infrequently on a "when-needed" basis.

In 1981, the President established "cabinet councils" for broad areas of governmental activities to better resolve differences and coordinate views when policies and programs impact on a number of Departments and agencies. The Secretary of State chairs a cabinet council dealing with foreign affairs; the Secretary of Agriculture chairs the cabinet council on food and agricultural matters. Cabinet officials convene a council meeting when they deem it necessary; thus the Secretary of Agriculture convened a council meeting to discuss U.S. policies toward the International Fund for Agricultural Development (IFAD), with State, AID and Treasury as important participants. When differences among the agencies are not resolved in a cabinet council, the issue (as in the IFAD case) may go to the President for decision.

2. WORLD FOOD CONFERENCE AND NEW INTERNATIONAL INSTITUTIONS

The World Food Conference

The World Food Conference was convened by the UN General Assembly in Rome on November 5-16, 1974. It was an historic meeting of ministers. Proposals for this conference had been formally made by nonaligned governments meeting in Algiers on September 5-9, 1973, and also by the U.S. Secretary of State in an address to the UN General Assembly on September 24. The UN bodies acted swiftly in response to a serious food situation resulting from widespread crop failures in 1973 in Eastern Europe and less developed countries.

Particularly hard hit were the developing countries which depended on imports for their food but which could not pay for both higher priced oil as well as foodstuffs. Unlike previous international meetings on food and agriculture, the 1974 Conference recognized that the problems to be overcome were less technical than political and economic, and that firmer political wills were needed to commit the increased resources and make the policy decisions essential for a more rapid increase in food production.

Government representatives at the Conference made commitments that laid the foundation for actions at both national and international levels. The Conference agreed upon a "Universal Declaration on the Eradication of Hunger and Malnutrition," which embodied the concerns and aspirations of the delegates and put the problem in the context of broader international economic relations.

The conferees also agreed on some 20 resolutions that addressed various problems of food and agriculture—particularly as they pertained to the needs of developing countries. These resolutions were adopted by the UN General Assembly in December 1974, thereby adding its weight to the Conference conclusions and the actions called for. Now, 10 years later, food production has increased significantly and arrangements for food aid and reserves give some security against widespread crop failures. But beyond this, and particularly for the poorest countries and the poorest peoples, the situation remains precarious. For them, hunger and malnutrition remain a persistent reality.

Conference Resolutions

Prior to the meeting of ministers at the World Food Conference, there had been several preparatory meetings of government representatives at which an agenda and conference objectives were negotiated. At the third preparatory session, some 10 operative resolutions were agreed upon and the following resolutions were adopted at the final plenary meeting of the Conference. The principal resolutions are summarized below under the three categories for which working committees had been established prior to the Conference:

Food production

- Resolution I. To solve the food problem, highest priority should be given to policies and programs for increasing food production and improving food utilization in developing countries; food production and food consumption objectives, targets, and policies should be formulated with full participation of producers, their families, and farmers' and fishermen's organizations; agrarian reforms and adequate supporting services, credit facilities, and incentives should be developed; external assistance should be increased and an International Fund for Agricultural Development established.
- Resolution II. Governments should organize, activate, and assist the rural population to participate in integrated rural development efforts. Governments should also promote the development of cooperative organizations and other associations for the mass of farmers and rural workers to generate greater self-reliance and self-sufficiency. Price relationships should be set to increase incentives and incomes. International agencies should review their criteria for assistance to integrated rural development, giving greater importance to social criteria.
- Resolution III. The FAO Commission on Fertilizer should undertake an authoritative analysis of the long-term fertilizer supply and demand situation; also, increased support should be given to international fertilizer programs. Financial and technical assistance, and technology and equipment on favorable terms, should be provided to build required additional fertilizer production capacities in appropriate developing countries that possess natural resources, or where specific local factors justify such investments.
- Resolution IV. Agricultural research, training, and extension programs should be intensified at national and international levels. Basic and applied research should, in particular, be concerned with the impact of climate and weather, and their variability on agricultural production and with the application of meteorological information and knowledge in planning land use. The resources of the Consultative Group on International Agricultural Research should be substantially enlarged.
- Resolution V. Policies and programs for improving nutrition should be strengthened by national governments and international organizations.
- Resolution VII. A world soil chart and land capability assessment study should be undertaken.

Regarding financing for increased food production in developing countries, conferees set a target of \$5 billion a year in external assistance based on FAO estimates. Except for a related provision calling for the establishment of a new international agricultural development fund, the source of other funds remained an open question. There were statements on the primary responsibility of developing countries themselves, but there was no indication how they might increase the allocation of internal resources for food and agricultural development, or to what extent these countries had the capacity to absorb substantial increases in external funds.

Food security

- Resolution XVI. A Global Information and Early Warning System on Food and Agriculture, operated and supervised by FAO, should be established. The information thus collected should be fully analyzed and disseminated periodically to all participating governments. The World Meteorological Organization should also provide regular assessments of current and recent weather to identify changes in patterns, investigate weather/crop relationships, and encourage investigations on the probability of adverse weather conditions occurring in various agricultural areas.

- Resolution XVII. The International Undertaking on World Food Security, which had earlier been proposed by FAO, should be established and supported by all governments. The Undertaking carried the introductory statement that the entire international community has the common responsibility for evolving policies and arrangements designed to ensure world food security and, in particular, to maintain adequate regional and national stocks. The importance of participation by all producing and consuming countries in the FAO Undertaking was stressed, though adherence was voluntary.

The FAO Undertaking commits governments to “adopt policies concerning cereals . . . which would result in maintaining a minimum safe level of basic cereal stocks for the world as a whole” to “establish stock targets . . . at least at the level necessary for ensuring continuity of supply, including provision for emergencies; to replenish stocks as soon as feasible.” In periods of shortages, stocks “in excess of minimum safe levels for domestic needs” should be made available for export “on reasonable terms.”

- Resolution XVIII. Forward planning and commitments on food aid were urged with contributions of 10 million tons of grain a year as a target. Multilateral and bilateral programs should be coordinated through the World Food Program’s Intergovernmental Committee on Food Aid, and emergency stocks should be earmarked. The Conference dealt with food aid largely in terms of assuring that low-income, food-deficit countries would be able to get foodstuffs even if world supplies were tight. Food aid as a development resource or as a facilitator of policy changes, e.g., in food consumption policies, did not seem high on the Conference agenda.

Trade in foodstuffs

- Resolution XIX. Some consensus was reached on provisions stating that trade should be liberalized, speculative practices should be prevented, and world markets stabilized. Conferees expressed the need for measures to assure the poorer sectors of rural populations—in exporting developing countries—of a reasonable share in the opportunities and benefits offered by trade expansion. International arrangements were proposed to deal with the problem of stabilizing world markets, particularly for foodstuffs. International agricultural adjustments were proposed that might enable and facilitate the expansion of food and agricultural imports from developing countries in competition with domestic production of developed countries.

Resolutions not directly related to the others included: added emphasis on women's rights and responsibilities in the battle against world hunger (VIII); rational long-term population policies (IX); and reduced military expenditures to allow increased outlays for increasing food production (XIV).

The Conference also called for a number of new organizations and institutional arrangements to assure more effective follow-up to the substantive resolutions and to coordinate activities. The resolutions for new institutions reflected the efforts of many developing countries to gain more purposeful action through the UN system and some resistance by industrial countries and others to establishing additional international organizations.

Many of the follow-up actions were delegated to existing international institutions in line with their ongoing programs. In Resolution XXII, the Conference called for three new institutions—a World Food Council, an International Fund for Agricultural Development (described separately in Resolution XII), and a Consultative Group on Food Production and Investment. The first two institutions are described in the following pages; The Consultative Group has been disbanded and is discussed under the section assessing the impact of the World Food Conference.

Figure 2 indicates the relationships of these new international institutions to other organizations of the UN system concerned with food and agricultural development. The chart also indicates some of the institutional arrangements within older organizations, such as FAO, to assure effective follow up to proposals made by the Conference.

World Food Council

The Conference agreed to establish a World Food Council, entrusting it with follow-up and coordinating responsibilities. Meeting in December 1974, the UN General Assembly adopted Resolution XXII, under which the Council would do the following:

(1) Make periodic reviews of major problems and policy issues affecting the world food situation;

(2) Make periodic reviews of steps being proposed or taken to resolve the problem by governments, by the UN system, and its regional organizations;

(3) Recommend remedial action as appropriate to resolve these problems;

(4) Coordinate relevant UN bodies and agencies dealing with food problems, giving special attention to the problems of the least developed and most seriously affected countries; and

(5) Maintain contacts with, receive reports from, give advice to, and make recommendations to UN bodies and agencies with regard to the formulation and follow-up of world food policies, and cooperate with regional bodies to formulate and follow up policies approved by the Council. In this context, the WFC was specifically tasked with receiving reports from the new institutions to be established; e.g., FAO's new Committee

on World Food Security, the WFP's enlarged governing body, the Committee on Food Aid Policies and Programs, and IFAD. In addition, IFAD was to "take into consideration the advice and recommendations of the Council."

The World Food Council was designated as the highest political institution dealing with world food problems in the UN system, with responsibilities that transcended the near-term follow-up activities of the World Food Conference. And the "scope of the Council's review should extend to all aspects of food problems in order to adopt an integrated approach towards their solution."

Organization and Operations

When the General Assembly accepted the resolution to create the World Food Council it also accepted the nominations of ECOSOC for 36 countries which would initially comprise the new body. For 1984 the member nations are as follows: nine members from Africa—Botswana, Burundi, Ethiopia, the Central African Republic, Gambia, Ghana, Morocco, Nigeria and Tanzania; nine from Asia—Bangladesh, China, India, Iraq, Pakistan, the Philippines, Japan, Thailand, and the United Arab Emirates; seven from Latin America—Argentina, Chile, Colombia, Ecuador, Mexico, Nicaragua, and Venezuela; five from the socialist states of Eastern Europe—Hungary, German Democratic Republic, Romania, Yugoslavia, and the USSR; and eight from Western Europe and "other nations"—Australia, Canada, Finland, the Federal Republic of Germany, France, Italy, the United Kingdom, and the United States. Membership is rotated, with 12 nations serving initially for 1 year, 12 for 2 years, and 12 for 3 years, with reelection possible. The United States and the USSR have always been members; China is also a member.

The World Food Council has met ten times at the ministerial level. The very breadth of the Council's mandate led to efforts, in its first two meetings, to clarify the Council's authority and focus the work of its Secretariat. Member countries have been divided as to how much authority the Council should have to oversee and provide direction to other international bodies concerned with food and agricultural problems. In general, developing countries sought a Council with more authority, while industrialized countries favored a more deliberative body for better coordination of international agencies promoting food and agricultural development.

The Secretariat of the Council is small, and member countries agree that a new international bureaucracy should not be created. The Council is not an operating agency, but rather a forum and mechanism for initiating ideas and for reviewing the work of other international organizations with operating programs. The Executive Director of the Council is appointed by the UN Secretary General in consultation with FAO and other international institutions. The Secretariat also includes a deputy and an assistant director, together with a small staff. The terms of the appointments have not been fixed thus far. The Council relied on FAO, UNDP, and the World Bank for personnel support during its first year's operation, but now has its own budget, voted upon by the UN General Assembly, and makes its own staff appointments.

At the first meeting of the World Food Council, a president was elected and given authority to represent the Council at the political level. This arrangement continued through the subsequent meetings of the Council and the early ambiguity as to the spheres of authority and responsibility of the Council's Executive Director and of its

President has been resolved. The Executive Director, as a full-time employee, supervises the Secretariat staff at the WFC headquarters in Rome; the WFC President provides political leadership and for the past 8 years has been a minister of agriculture.

To expedite the work of the Council, the Secretariat prepares papers on the principal agenda items to be considered. The Council Secretariat receives the reports on UN agency programs and policies concerned with, and bearing on, world food problems. These materials, together with data and reports—particularly from FAO, IBRD, and the UNDP—provide the raw material for its studies.

However, the analyses made and the papers prepared for the Council meetings are drafted specifically for that body by the WFC staff. A preparatory committee representing the member nations of the Council meets 5-6 weeks prior to the ministers' sessions, reviews the Secretariat's draft papers, and defines the issues which should be considered by the Council at the ministerial level. Reports of the Council's deliberations and recommendations are prepared by the Secretariat and transmitted in the name of the World Food Council to the General Assembly through the UN's Economic and Social Council for information or further action. Between annual meetings of the Council at the ministerial level, the WFC President and Executive Director call on member governments to encourage actions in line with the recommendations agreed upon during the Council sessions.

Program of Work

The Secretariat sees the Council as providing a mechanism for overall, integrated, and continuing coordination and follow-up of food policies concerning: production and consumption, nutrition, and food security, trade, and aid. To do this, the Secretariat feels that the Council must:

- Mobilize additional resources for the objectives and targets approved by the World Food Conference.
- Persuade governments to develop the political will required to undertake policy actions which are necessary for solving their food problems at the national and international levels.
- Promote coordination among agencies and organizations—international and regional, multilateral and bilateral—that directly or indirectly affect the ultimate solution of the world food problem.¹

In each of these areas, the role of the Council is selective and complementary to the programs and activities of other international bodies, particularly FAO, the development banks, and the UNDP.

Three of the major components of an overall food strategy—food production, security, and aid—were on the agenda of the Council at its second session. On the issue of food production, the Council agreed that accelerating production in developing countries was of highest priority. The Secretariat placed a number of proposals before the

¹Executive Director's note for the Council meeting in June 1976.

Council at its second session so that delegates might decide on a course of action for their own efforts and the Secretariat's. The Council did not adopt the proposals as outlined. A principal point of difference among Council members was in quantifying and setting new targets for resource transfers to developing countries.

A second major component of an overall food strategy—food security—has been interpreted differently in the international forums and by different countries. The Council has affirmed its responsibility to follow up on implementation of the International Undertaking on World Food Security. But the Council did not reach a consensus on what it should do to further the processes underway in other forums.

The third important component of an overall food strategy is policies for food aid—relating it to production, nutrition, and development objectives of recipient countries. While most members agreed on the need to improve food aid, there has been a lack of consensus on what specific actions the Council should take, for itself, or vis-a-vis other international bodies.

On international food trade, the Council Secretariat looks to World Food Conference Resolution XIX, which called for governments to “cooperate in promoting a steady and increasing expansion and liberalization of world trade with special reference to food products . . . taking into account the specific trade problems of developing countries.” With discussions on trade in agricultural commodities—including foodstuffs—carried on in a number of other international forums, there continues to be disagreement between developing countries and industrialized countries as to the need for the WFC to include trade within its purview.

On nutrition, the Council Secretariat takes its cues from Resolution V of the World Food Conference, which deals specifically with policies and programs to improve nutrition, and from the declaration made then to seek the elimination of hunger and malnutrition from the world within the next decade. Resolution V includes references to special feeding programs for children and other vulnerable groups, a global nutrition surveillance system to monitor the food and nutrition conditions of disadvantaged groups of the population, and assistance to governments for developing intersectoral food and nutrition plans. Work on improving nutrition is underway in several international bodies, and the Council Secretariat has sought to determine where the gaps and constraints are, and what might be done to speed the work and make the efforts more effective.

The fifth ministerial meeting of the Council, held in Ottawa in September 1979, was especially significant in the evolution of the Council. It reelected as President the Philippine Minister of Agriculture, and it endorsed the programs of its new Executive Director (USA). Among these were: (1) A broader, more comprehensive approach to overcome hunger and malnutrition than had been previously considered in bilateral or multilateral programs; and (2) A new effort to encourage food strategy plans by “food priority” developing countries with technical assistance provided by the World Bank, FAO, and donor governments.

At the sixth ministerial meeting held in Arusha, Tanzania, in June 1980, initiatives of the Council on food strategy plans—outlined the year before—were given further impetus; technical assistance arrangements for a score of food priority countries were explored. WFC contingency plans for meeting major food crises were discussed and collaboration on proposals of FAO's Committee on Food Security was set. Additional food aid to East African countries suffering severe drought was supported by all delegations.

Another milestone in the Council's brief history was the ninth ministerial, held in New York City, and hosted by the United Nations. The meeting was important for several substantive and nonsubstantive reasons. On the substantive side, the WFC demonstrated again, in its papers on Africa, an ability to focus ministerial attention on critical problems and the unfinished agenda for eradicating world hunger as called for by the World Food Conference. Also, it gave its voice and support to increasing the resources available to continue efforts to overcome hunger by urging replenishments for IBRD's concessional arm and negotiation of a new replenishment for IFAD. Plans were put in place for the 10th Council meeting to review progress made toward eliminating world hunger and malnutrition since that goal was enunciated by the 1974 World Food Conference.

Nonsubstantive matters were equally important. A new President was elected—for the first time from a developed country. The Minister from Canada was elected without opposition when the only other candidate (from Africa) withdrew. That election affected the United States directly: (a) It put in question the continuation of the Executive Director (U.S.) in his position when his present term expires. Developing countries pressed for a representative from their regions to fill that position. (b) It raised the possibility that the Socialist bloc would seek the Presidency at the next election (1985) since that region has not previously been represented in the Presidency. Both events would have an impact on U.S. leadership in affairs of the WFC and, in turn, on the Council's future.

The UN hosting of the Council underscored another facet of the WFC role within the UN system. The Council's Executive Director often serves as spokesman on matters of world food and agriculture for UN General Assembly and UNESCO meetings. The Council is a creature of the UN itself and the relationship has been mutually helpful for both "parent" and "offspring."

The World Food Council provides neither capital nor technical assistance to member nations. It is a catalyst for aid from other institutions. Hence, it operates with only a small administrative budget to cover the operations of its staff, the papers prepared, and the conduct of its meetings.

The WFC is now operating with its fourth President and third Executive Director. And while there continues to be some uncertainty as to its mission and some question about its accomplishments, the WFC has established itself as a useful international body. The Council stands out from other international organizations in these respects: its comprehensive approach to problems; the forum it provides for ministerial exchanges; and the advocacy role of its leadership in shaping government food policies, as well as international agency programs.

International Fund for Agricultural Development

The World Food Conference agreed that developing countries would need increased resources to accelerate their production of food. The Conference, in Resolution XIII, proposed the establishment of a new international fund to finance agricultural development projects, primarily for producing food in the developing countries. The proposal had first been made by a group of petroleum exporting countries which indicated they would share the funding with the industrialized countries. Most industrialized countries initially questioned the idea, but later accepted it.

The new Fund was to embody a number of principles and provisions not found in existing financial institutions, as suggested in Resolution XIII and the discussions during the World Food Conference:

- The Fund would be administered by its own governing board consisting of representatives of contributing developed countries, contributing developing countries (the OPEC group), and potential recipient countries. There was to be “equitable” distribution of representation among the three categories of countries. This was interpreted as equal voting power among the three groups and, in early discussions, the petroleum exporting countries indicated they would match the contribution of the industrialized countries.
- Disbursements from the Fund would be carried out through existing international and/or regional institutions in accordance with regulations and criteria to be established by the Fund’s governing board.
- The Secretary General of the United Nations would be responsible for establishing the Fund, and was requested to call a meeting of “interested countries” representing the three categories of countries to work out details. Responsibility for handling the meetings and providing a Secretariat was delegated to the World Food Council.
- Negotiations for the Fund were initiated when the Secretary General determined—after consultations with countries willing to contribute to the Fund—that it held promise of generating substantial additional resources for assistance to developing countries and that its operations had a reasonable prospect for continuity.

The Fund’s Articles of Agreement

The Secretary General called the first meeting of interested governments in Geneva in April 1975. A series of working group meetings was held to formulate the Articles of Agreement, and to begin informal indications of the amounts that each contributing country would pledge.

At the working group meeting in September 1975, the U.S. representative reported the Secretary of State’s declaration that the United States would seek an appropriation of \$200 million toward a total fund of \$1 billion, in which there would be equitable sharing between the petroleum exporting countries and the industrialized countries. This statement of support by the United States, though conditional, signaled the beginning of earnest negotiations. The Articles of Agreement were finally worked out and recommended to member governments for adoption. The Articles were approved by plenipotentiaries at a meeting held in May 1976.

Among the important provisions of the Articles are the following:²

- Purpose of the fund. “. . . to mobilize additional resources to be made available on concessional terms for agricultural development in developing member states . . . the Fund shall provide financing primarily for projects and programs specifically designed to

²*Articles of Agreement as recorded in the official report on the Fund issued by the World Food Council after the meeting of plenipotentiaries in May 1976.*

introduce, expand, or improve food production systems and to strengthen related policies and institutions . . . taking into consideration the need to increase food production in the poorest food-deficit countries; the potential for increasing production in other developing countries; and the importance of improving the nutritional level of the poorest populations . . .”

- **Membership.** There are three categories of members: developed donor countries; developing donor countries (members of OPEC); and developing countries, which may or may not make contributions and may make their contributions in convertible or in local currencies.

- **Organization and management.** The Fund has a Governing Council, an Executive Board, and a small staff for carrying out its operations. The Governing Council is comprised of representatives of all member countries; the Executive Board of 18 representatives is elected by the Council. Voting power within the two governing bodies is divided equally among each of the three categories of members. Within each category, voting power is determined by the member states of that category. Overall, there is weighted voting based on the amount contributed, but modified to favor developing countries.

- **Operations.** Within policy guidelines set by the Articles of Agreement and the Governing Council, decisions on projects and programs are made by the Executive Board. “Usually the services of international institutions will be used for program and project appraisals” and “the Fund shall entrust the administration of loans, their disbursement and supervision, to competent international institutions.”

- **Relations with the UN.** The Fund is one of the United Nations’ specialized agencies.

Although the Articles of Agreement do not specify the contributions of donor countries, there was an understanding of rough parity between the two groups. In December 1976, pledges indicated that the target of \$1 billion had been met. The United States signed the Articles of Agreement on December 22, 1976. A strategy for food and agricultural development was later tabled as a basis for the Fund’s operations.

Program of Work

To move resources rapidly and to avoid building its own bureaucracy, IFAD co-financed most of its project lending during 1978, its first year of operations. In most cases, the World Bank and, to a lesser extent, the regional development banks, identified project proposals which met the Fund’s program orientation and invited it to participate in funding. Fund personnel made their own analysis and then submitted proposals to IFAD’s Board of Directors for decision. IFAD committed over \$115 million in loans for 1978.

While the level of new financial commitments remained in the \$320 to \$340 million range during 1979-81, in 1983 it fell to \$260 million. In addition, IFAD provides loans and grants for technical assistance in the amount of about \$20 million a year. By the end of 1983, IFAD had committed about \$1.6 billion of its own funds and reckons that another \$6 billion had been allocated in co-financing by other international organizations

or in counterpart funding by recipient countries. In 1983, IFAD initiated more than half the projects it financed, but co-financing continued to be an important part of its operations. IFAD estimates that during its 6 years of operation its projects provided assistance to some 40 million people in the poorest countries of the world. In 1983 IFAD continued its grants (began in 1979) to the international research centers supported by the Consultative Group on International Agriculture Research (CGIAR).

IFAD has also begun a program of monitoring and evaluating the projects that have been on-going for several years. It uses short-term consultants to assist IFAD's own staff in designing the monitoring and evaluation system for individual projects and the actual evaluation is often combined with periodic supervisory missions.

In only 6 years of operations, IFAD has taken root and grown to be a distinctive international funding agency in the food and agriculture field. IFAD's focus on the neediest has remained sharp—in both the countries selected for projects and the character of the projects designed. Some two-thirds of the Fund's assistance has been provided on highly concessional terms (i.e., a service charge of 1 percent for 50 years, interest free, with 10 years' grace). Another 28 percent of the loans was made available at 4 percent interest with repayment periods of 20 years' and 5 years' grace. With IFAD's emphasis on the poorer developing countries and the poorer elements within them, a preponderant share of its resources has been going to countries in Africa and Asia and the poorer countries in South America and the Caribbean.

Lending by subsectors also indicates IFAD's strong commitment to the rural poor; rural development projects account for almost a third of all lending. Projects for irrigation and other production-related assistance were the other two principal areas of IFAD's activities.

Current staff levels would seem adequate to handle the present portfolio—provided that IFAD continues to co-finance a significant portion of its new projects. Existing organizational arrangements, whereby IFAD's president comes from OPEC donors (Saudi Arabia) and its vice president from OECD countries (the United States), may be continued.

IFAD has been strongly supported by the developing countries for contributing additional resources to development and providing recipients with a greater voice in determining disbursements. Donor governments in the OECD category, as well as the OPEC category, have also continued their support.

In January 1982, IFAD's Governing Council reached agreement on the level of replenishment. Member governments agreed to provide contributions totaling about U.S. \$1,100 million for the period 1981-83. Some \$620 million was to come from the developed countries, and \$450 million from oil exporting countries and \$30 million from other developing countries. Although agreement was reached on replenishment of IFAD's resources, payments by some major contributors in the OECD group and in the OPEC have lagged. By the end of 1983, the United States, Iran, and Libya were not near completing their contributions. Nevertheless, there was agreement to try for a second replenishment. There was also concurrence for some staff increases so IFAD could adequately oversee its growing portfolio and do more of its own project identification and assessment.

As discussions begin for a projected second replenishment, it appears that funding would not reach levels of IFAD's startup or first replenishment. The schedule of payments under a second replenishment, set for 1985-87, acknowledges that an extra year was needed to collect on the 1981-83 replenishment.

Assessment of Conference Impact and Follow-up Actions

It is difficult to recapture the period during which the World Food Conference was held, almost 10 years ago. In 1974 the world faced the twin shocks of a quantum increase in the price of oil and a scarcity of food (with associated price increases, too). Developing countries which needed to import both food and oil were particularly hard hit. Ten years later, the world seems to sit on a plateau in which grain and oil are plentiful; producers of both are reckoning with surplus capacity and real prices of both are down.

On the food front, there is an emergent feeling that participants in the World Food Conference had been unduly preoccupied with the problem of increasing production of foods and too little concerned with problems of income distribution and food consumption. In 1974 there was a feeling among participants at the Conference that increasing birth rates, particularly in populous Asia and in other developing regions, would outstrip the increased foodstuffs that might be produced. Indeed, in the past decade world population increased by some 770 million people and about two-thirds of them were born in the developing countries. But somehow, these mouths were fed—though the actual number of hungry and malnourished may remain as large as the estimates made in 1974.

Resolutions of the World Food Conference seem to have been the impetus behind actions taken by national governments and international agencies in several important areas. This paper examines the impact of actions in three areas: (1) Strengthening national and international priority for increasing production, especially in low-income food-deficit countries; (2) Improving food security for the people in these countries so they might be assured of food supplies—even in times of world scarcity such as 1972-73, and (3) Improving trade so that developing countries might better earn the foreign currency needed to purchase the food supplies they must import.

Increasing Food Production

In many parts of the world, including South Asia and South East Asia, Latin America, and countries of North Africa and the Near East, there have been significant increases in food production during the past decade. In Africa, on the other hand, from the Sahel to the southern reaches of the continent, production has stagnated or declined. Indeed, at the outset of 1984, the world's attention was focused on the need for yet another large scale food aid effort to save hundreds of thousands in some 20 countries of Africa from outright starvation.

During the 9-year period from 1973-74 to 1981-82, developing countries of Asia, Latin America, and the Near East registered gains of over 30 percent in food production. Africa, on the other hand, had gains of only 20 percent during the same period. On an annual basis, most developing countries had a net increase in food output over population growth during these years; but in much of Africa production did not keep pace with population.

Table 6 records trends in production of food and feed grains and shows regional differences during the decade since 1974. In production of basic foods and feed grains, the developing regions of Latin America and Asia (including China) have done well. On the other hand, production in Africa and in Eastern Europe including the Soviet Union has fared poorly. Gains in North America and Western Europe through 1982-83

Table 6—Production of major grains by regions, 1974–83

Regions	(1)	(2)	(3)	(4)	(5)	Percent Change
	1974–76 average	1977–79 average	1980	1981	1982–83 average*	Column 5 over Column 1
<i>Million metric tons</i>						
Wheat Production:						
Latin America	15.9	13.9	14.9	14.8	19.4	22.0
Africa	5.0	4.4	5.5	4.4	5.1	2.0
Asia (incl. China)	108.0	127.7	129.9	142.0	140.6	30.2
North America & Western Europe	251.7	276.6	294.7	292.4	295.0	17.2
Eastern Europe (incl. USSR)	109.2	128.8	127.7	106.3	114.0	4.3
World total	382.9	422.6	445.0	453.6	461.0	20.3
Coarse Grain Production:						
Latin America	51.9	57.1	57.8	74.7	71.9	38.5
Africa	35.4	34.8	34.7	36.1	35.8	1.1
Asia (incl. China)	140.3	140.8	149.4	151.9	151.4	7.9
North America & Western Europe	446.0	507.6	476.0	522.7	513.4	15.1
Eastern Europe (incl. USSR)	143.8	145.2	133.4	125.7	145.5	1.1
World total	673.6	740.3	717.9	785.4	775.0	15.0
Rice Production:						
Latin America	13.8	14.3	16.3	15.4	16.6	20.2
Africa	7.8	8.1	8.2	8.6	8.5	8.9
Asia (incl. China)	315.3	346.2	361.4	373.6	371.0	17.6
North America & Western Europe	7.0	7.1	8.3	9.8	9.3	32.8
Eastern Europe (incl. USSR)	2.2	2.3	2.7	2.6	2.5	13.6
World total	347.2	378.6	397.5	410.8	408.5	17.6

Source: FAO's *Food Outlook Statistical Supplement, March 1983, and Commodity Review and Outlook, 1975–1983*. World totals include production from some countries not included in categories shown.

* Production for 1982–1983 in wheat and coarse grains reflects adverse weather and adjustment policies in the U.S. which reduced harvests somewhat during 1983.

would be greater, but policies to hold down production of wheat and feed grains, as well as bad weather, affected output for 1983 in the United States.

Data on yields per hectare and food production per capita underscore the differences among regions and groups of developing countries. In yields per hectare, Asia scored better over the years 1973-82 than other regions; Latin America's higher production was achieved by bringing additional land into cultivation, as well as by increased yields per hectare. Even the group of countries "most affected" by the economic dislocations of the mid-1970s and early 1980's did rather well in raising yields. But developing countries of Africa again fared poorly on increasing yields. On production per capita, the critical measure for food self-reliance, Asia (including China) and Latin America had per capita increases in cereals of 11.0 and 10.0 percent, respectively. But many countries in Africa lost ground during the decade—per capita food production was actually less during 1981-82 than in 1973-74.

A number of indicators suggest that the gains in the regions of Asia, Latin America, and the Near East may be sustained. In most of these countries policies are now followed which give food and agriculture high priority in national development plans. National food sector strategies are also in place that provide production incentives and some food subsidies to improve consumption among the poor. The international research centers financed by the CGIAR have received quantum increases in resources and their outreach programs have better links with national research institutions to make improved production technology more widely available. Meanwhile, the International Development Banks and IFAD have put significant resources into irrigation projects to reduce dependence on uncertain rainfall.

Food Security

Concern for food security is as old as the biblical story of Pharaoh and Joseph with the counsel that grain reserves be set aside from "fat years" so there would be food during "lean years." But world food scarcities in 1972-73 underscored the need for new measures to improve the situation for low-income, food-deficit countries. Participants in the World Food Conference gave their consideration of food security a rather narrow focus, looking primarily at grain stocks and reserves, and food aid, particularly for emergency situations. The focus on food security was at the national rather than family level. Consequently, the close connection between poverty and insecure food supplies was not stressed. The Conference did not deal with gross inequities of income or food availability within countries.

While an internationally coordinated food security scheme is not a formal reality, major elements of the Conference resolutions on food security have been put in place by national governments and international organizations. Annual commitments for multilateral food aid have risen during the years since 1974 from about \$120 million to almost \$580 million in 1982. And food aid commitments are now backed up by agreement among principal donor governments and a U.S. wheat reserve specifically earmarked for emergency aid. The World Food Program administers a special emergency food program called the International Emergency Food Reserve, (IEFR). The target of 500,000 tons annually for the IEFR has been met and surpassed by donor governments since 1980. But the overall level of food aid (bilateral and multilateral) has remained in the range of 9 to 9.5 million tons since 1975-76. The target of 10 million tons and the Conference proposal for forward planning were not fully implemented (partly because of

concern to avoid disincentives to developing country production). However, the response by the United States and other major donors to the serious food situation in Africa during 1983-84 suggests that overall food aid may exceed the targeted level of 10 million tons for those years.

Two FAO proposals on food security were adopted by the Conference and put into operation: a Global Information and Early Warning System and an International Undertaking for World Food Security. The latter is a voluntary "undertaking" by governments and includes proposals for food stock policies and levels of reserves, which in the aggregate would provide greater international food security. Efforts to negotiate a new international wheat agreement, the principal food grain traded among nations, were not successful, but a related Food Aid Convention was updated with mandatory minimum levels of food aid by volume, independent of price increases.

In 1981 the International Monetary Fund established a Food Financing Facility which permitted governments to draw above their borrowing rights, not only when commodity export earnings fell, but also to cover needed food imports when the costs rose and would adversely affect their balance-of-payments position. As in other borrowings from IMF, repayments are necessary; thus the poorest countries did not use the facility.

Perhaps the greatest contribution to food security has come from increased production by the developing countries themselves, and the accumulation of large stocks in the hands of governments like the United States which have traditionally come to the aid of developing countries in emergencies. By the end of 1983, and despite U.S. programs to reduce acreage planted to grains, world stocks exceeded FAO's estimate of needed levels (17 percent of annual consumption). Also, the World Bank and other financial institutions have put into place more adequate storage facilities in developing countries to permit a carryover during years of good harvests. At the same time, the World Food Council and FAO have helped developing countries to formulate national food sector strategies and national reserve stock policies which provide the framework for greater self-reliance and food security. Both international bodies have developed more comprehensive approaches to world food security which have been accepted by many governments.

For developing countries that consistently lack the foreign exchange to pay commercial prices for the foodstuffs they need to import, food security continues to depend on the good will of a few food exporting countries, most notably the United States and, to a lesser extent, Canada and the European Economic Community. Although the 25-year record of food assistance by these countries might offer adequate security, events of 1973 gave developing countries reason to want greater assurance.

In 1973, the unexpected entry into the grain market by the Soviet Union with its large purchases led to sharply lower stocks of grains and sharply higher prices; some developing countries were almost squeezed out of commercial and concessional purchases. Also in 1973, oil exporting countries used their control over oil as a political weapon and the specter was raised that food could also be used for political purposes. Six years later, the U.S. agreement to sell the USSR very large amounts of grain to offset their poor 1979 harvests, and then the U.S. announcement in December 1979 to withhold some of that when the Soviets moved into Afghanistan, had clear political implications with a message for all countries.

Although objective evidence indicates that stocks have been rebuilt and provisions for food aid are ample in the spring of 1984, much of this had been the result of

good harvests in the United States and other countries. Moreover, the alarming situation in a large part of the African continent raises new misgivings for many developing countries. International institutionalization has not proceeded as far as the developing countries wish.

In a larger sense, food security and insecurity are part of national and international economic conditions. The worldwide recession of 1981-82 set back food security at national and household levels by preventing many nations and millions of people from obtaining the earnings with which to buy needed food. The recession caused many trading nations, industrial and developing, to embrace protectionism in order to protect domestic industries, agriculture and the jobs involved. But the poorest countries and peoples probably suffered most in the process.

Increasing Trade Opportunities

The third principal issue addressed by the Conference was that of enlarging export opportunities for the food and agricultural commodities of developing countries. Developing countries most concerned with this issue tend to see it as essential to overall development and to the establishment of a new international economic order. Progress on this front has been slow and both groups of countries—industrialized and developing—have been unhappy about the other's efforts.

Nevertheless, on trade matters both the United States and the European Community (EC) made significant concessions to developing country exports in the years 1974-79, and have agreed in principle on special treatment favoring developing countries in the Multilateral Trade Negotiations (MTN). In January 1976, the United States made operational the Generalized System of Preferences whereby hundreds of commodities originating in developing countries could be imported under more favorable terms. In April 1976, the United States offered MTN participants tariff cuts on 147 tropical products which accounted for imports of almost \$1 billion in 1974. Most of these imports were from developing countries. In the fall of 1979, the U.S. Congress approved the MTN treaty embodying the wide-ranging tariff and nontariff concessions, especially favorable for developing countries. But the United States has sought reciprocal concessions from other countries for making its tariff reductions and this policy has continued into the 1980's. In 1975, the EC announced a new trade and development agreement with some 46 developing countries (the Lomé Convention) designed to help increase exports by these countries to the European market. This agreement was renewed in the late 1970's.

But many developing countries with persistent balance of payments problems and levels of debt exacerbated by the 1981-82 recession seem stifled in their attempt to achieve greater economic development. They assert the need for a more general improvement in the terms of trade. In 1979 and again in 1983, discussions on this fundamental issue were inconclusive at international forums such as UNCTAD V and VI (the 5th and 6th sessions of the UN Conference on Trade and Development).

During 1981 and 1982 developing country export earnings were below that of 1973-74. While nominal prices for major agricultural commodity exports were high (except for tropical beverages), the terms of trade worsened. Using the years 1975-77 as "100," prices for agricultural raw materials, vegetable oilseeds and oils, and foodstuffs had risen from the upper "90's" in 1973 to "147," "122," and "136" respectively. But the terms-of-trade—the index of unit prices of commodities compared to manufactured

goods exported by developed market economy countries—fell for the three major agricultural commodity groups in 1981. (See table 7.)

For developing countries, the situation in 1981 and 1982 worsened, not only in the terms of trade but also in the amounts of commodities they were able to export for hard currencies. The worldwide recession tended to reduce imports of most commodities by the industrialized countries. Hence, the loss of earnings resulting from adverse terms of trade was multiplied by the loss of markets. While the strong dollar of 1981-83 meant that the U.S. might import at lower real prices from many developing countries, those countries needed to sell more of their commodities in order to buy manufactured goods and agricultural commodities they would usually import from the United States.

Finally, many of the major developing countries with which the United States traded, needed to service their very large commercial debts and their poor export

Table 7—Indices of free market prices of major groups of agricultural commodities exported by developing countries and their terms of trade, selected years, 1973-81

(1975-77 = 100)

Commodity	1973	1974	1980	1981
Nominal prices (in dollar terms):				
Food	95	159	173	136
Tropical beverages	43	51	111	90
Vegetable oilseeds and oils	97	154	126	122
Agricultural raw materials	92	102	169	147
Crude petroleum	27	96	250	267
Terms of trade: ¹				
Food	134	183	112	93
Tropical beverages	61	59	72	61
Vegetable oilseeds and oils	137	179	82	83
Agricultural raw materials	130	119	110	100
Crude petroleum	38	112	163	183

¹ The indices are derived by deflating the indices of nominal prices by the United Nations index of unit values of manufactured goods exported by developed market-economy countries. They are generally used to express the terms of trade of primary commodities in manufactured goods.

Sources: UNCTAD, *Monthly Commodity Price Bulletin, 1960-1980 Supplement* (TD/B/C.1/CPB/L.1/Add.1) and *January 1982* (TD/B/C.1/CPB/L.10); indices for petroleum prices calculated from UNCTAD, *Handbook of International Trade and Development Statistics, Supplement 1981* (TD/STAT/10), United Nations publication, sales No. E/F.82.II.D.11, table 2.8.

earnings made this very difficult. This, in turn, further eroded opportunities for mutually advantageous two-way trade with the United States. These factors are recognized by the concerned national governments and international organizations, but the adjustments and accommodations needed to rectify the situation remained elusive in 1984.

A general improvement in world trade prospects for agricultural commodities might ease the process of accommodation. But the issues involved go beyond a transfer of earnings from more affluent countries to the less affluent. Many developing countries seek a restructuring of the trading system—from one that emphasizes market forces and “comparative advantage” to one in which markets would be managed to give them greater equity. And that could mean further changes in U.S. economic policies.

3. UNITED NATIONS DEVELOPMENT PROGRAM

Background

UNDP, headquartered in New York, is the hub of technical assistance activities of the UN system. The present structure of UNDP was established in January 1966 as a result of the merger of the Expanded Program of Technical Assistance, set up in 1949, and the Special Fund, established in 1959.

UNDP disburses almost half the funds of the UN system for technical cooperation. UNDP responds to requests from member states for technical personnel and for help in developing project proposals that may attract investment capital. In implementing requests from member countries, UNDP asks one or more of the specialized agencies within the UN system, or increasingly by developing country governments themselves, to serve as the executing agency. UNDP reimburses the agencies for their work. FAO serves as the executing agency for most projects in food and agriculture initiated by UNDP.

Since 1977, the International Fund for Agricultural Development (IFAD) has also been a participant in UNDP-financed activities. UNDP-financed projects are underway in more than 150 countries and territories. Increasing emphasis is being given to the needs of the least developed countries of the world. Reporting to the UN Economic and Social Council in 1983, UNDP indicated that almost 80 percent of its country program resources were going to countries which the UN and IBRD listed as "low income."

Projects lasting 2 to 5 years in such fields as agriculture, education, disease eradication, transportation, and resource exploration comprise the major part of the UNDP program. In addition, UNDP undertakes smaller projects in training and technical cooperation to improve individual and institutional capability in developing countries. These types of projects are ordinarily executed for UNDP by other agencies of the UN system, or the recipient governments, but some are carried out by the Office of Projects Execution within UNDP itself. In the agricultural sector, there is increasing emphasis on training in agricultural and economic policy, agricultural ministry management, and food intervention and distribution systems.

Organization and Operations

UNDP policies are established by a Governing Council which meets annually, ordinarily alternating between New York and Geneva. The Council oversees the program and administrative recommendations of the Administrator. Since it is entrusted with the supervision of various UN technical cooperation activities, it also reviews the technical assistance programs financed by the regular budget of the UN Department of Technical Cooperation for Development, and a number of special funds administered by UNDP. The Governing Council—which the 26th General Assembly enlarged from 37 to 48 members—is composed of representatives of 21 developed countries and 27 developing

countries. The United States has been a member of the Governing Council since the UNDP was established.

The UNDP has had several major changes in organization and operations since its establishment. During 1971, UNDP began putting into effect the organizational and procedural reforms that had been called for by its Governing Council in June 1970. In part, these proposals followed the findings of the report, *A Study of the Capacity of the United Nations Development System*.

The UNDP headquarters was restructured; four regional bureaus were established with responsibility for the conduct of program activities. Authority for operational activities was decentralized to UNDP field offices, and Resident Representatives were given greater responsibility. The UNDP Resident Representatives were designated as leaders of the UN development system teams in their respective countries. Many of the Resident Representatives work closely with FAO representatives. UNDP shifted from project to country programming procedures to help relate UNDP-financed assistance more closely to national development plans and priorities. Under the country programming procedures, each country is assigned an indicative planning figure (determined mainly on the basis of per capita Gross National Product and population) representing the amount of UNDP resources likely to be available to it over a 5-year planning period.

Each recipient government, assisted by the UNDP field office staff and, where appropriate, by executing agency staff, then draws up a draft country program. This program outlines broadly the types of assistance the country wishes to have financed by UNDP over a period of time usually corresponding to its national development plan or set of priorities. The draft country program is then appraised by UNDP and the executing agencies prior to submission for endorsement by the UNDP Governing Council. The UNDP appraisal takes into account the program's effects on women in development, impacts on the environment, and implications for a new international economic order. Once the country program is approved, project documents are prepared for each project.

The country programming arrangements help in coordinating the various UN system programs with those of the major bilateral and voluntary programs. In some cases, this is being achieved by systematic consultations between governments, the UNDP Resident Representative, and the representatives of UN and other agencies prior to the preparation of the draft country programs. In other cases, coordination is sought more informally or by ad hoc agreements. In major aid recipient countries, the UNDP Resident Representative may informally coordinate as many as 100 or more public and private donor organizations operating there.

Beginning in 1972, the UNDP abandoned its prior practice of requiring "full funding" of projects at their inception, and began a policy of partial funding of projects at their beginning, trusting that subsequent contributions to UNDP from member nations would take care of later funding. This enabled UNDP to reduce its unexpended reserves to an operational reserve level of \$150 million. But by 1976 this became one of the elements in a financial crisis that beset the UNDP and which, in turn, was one of the factors that led to another major organizational and operational change in the agency.

In late 1975, it became evident that UNDP was facing a heavy financial deficit (in excess of \$100 million). This was attributed to a number of factors, including inflation (it cost the agency \$42,000 to send an expert abroad for a year, whereas \$37,500 had been projected), high administrative costs, and most significantly, a shortfall in expected contributions by member countries. Some traditional donors found their legislative

bodies distressed over actions in some UN agencies and reduced appropriations. Also, expected increases in donations from OPEC countries did not materialize.

UNDP used a number of strategies to meet the deficit. It cut some administrative positions and overhead and reduced travel costs. Also, sharp cutbacks were made and contracts cancelled in field programs. At the same time, UNDP established closer working relationships with its Agency partners in the system, establishing an Inter-Agency Task Force at UNDP headquarters, and launching experimental joint programming exercises in five developing countries. Together with UNICEF, UNFPA, and the World Food Program, UNDP also subscribed to an effective memorandum of understanding which governs the relationship among these three funding organizations of the UN system.

UNDP also initiated an Integrated Systems Improvement Project to improve the quality, expedite and better control the flow of financial, management, and program data in order to improve the overall supervision of its program and project activities.

Finally, in 1978, UNDP provided substantive and administrative backstopping for the first global conference on technical cooperation among developing countries ever held: the 1978 Buenos Aires Conference on Technical Cooperation Among Developing Countries. At the same time, it developed a computerized information referral service for the promotion of greater technical cooperation among developing countries (TCDC) in terms of experts, equipment, fellowships, and subcontracted services. The effect of such actions has been slow to materialize, and in recent years UNDP has taken a more action oriented approach to its promotional role and responsibilities in this area.

Overall, the UNDP structure has remained essentially intact during recent years, although an increasing volume of its resources is being contributed by the developing country governments themselves through cost-sharing arrangements and by donor countries through cost-sharing and co-financing arrangements. Figure 3 shows the UNDP organization as of January 1984.

Program of Assistance

UNDP is supported largely through voluntary contributions of member countries of the UN. Budget projections are based on the amount each country contributed previously, and upon pledges voluntarily agreed upon. Table 8 shows UNDP program financing for 1973-83. In 1983, and for the previous 4 years, member countries contributed some \$700 million to the UNDP general resources. Since costs during this period have risen sharply, the level of program from this basic funding source has been falling. An additional \$16.1 million was pledged for special aid to the least developed countries and several other special purpose funds have been created. The U.S. contribution to UNDP for each of the years 1980-83 rose from about \$126 million to almost \$140 million.

Recipient countries pay, in local currencies, an average of 60 percent of the cost of UNDP-assisted projects. Such funds are used to pay costs of locally purchased supplies and services. The equivalent of \$650 million was contributed by recipient countries in 1980, and almost \$700 million in 1982, compared with \$505 million in 1978.

While total contributions were increasing, in the years from 1973 to 1980, the U.S. share has declined. The U.S. contribution in the years 1980-83 has been about 18

Figure 3

United Nations Development Program

Organization Chart, January 1, 1984

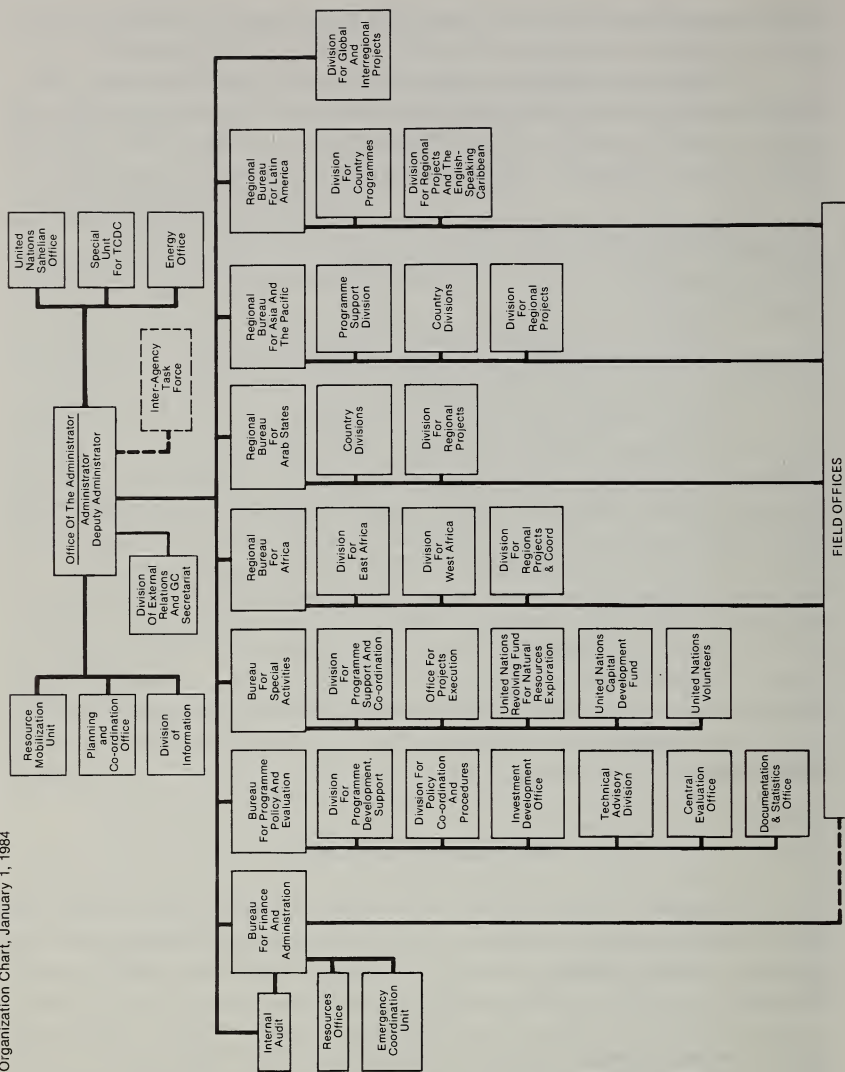


Table 8—UNDP program financing: 1973–83

Item	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983 ¹
<i>Million dollars</i>											
Resources:											
Voluntary contributions received	307.6	337.5	406.1	466.3	524.1	596.2	679.5	691.8	688.7	679.7	697.8
Program cost contributions	14.8	14.8	14.5	18.7	(³)	(³)	—	—	—	—	—
Other income and cost sharing	19.4	10.0	7.6	4.4	25.8	47.6	56.5	79.2	85.9	100.6	116.1
Other contributions ² and miscellaneous	14.2	22.0	30.9	63.7	61.9	58.9	62.5	48.7	28.4	12.1	24.3
Total Income	356.0	384.3	459.1	553.1	611.8	702.7	798.5	819.7	803.0	792.4	838.2
Expenditures:											
Field program activities	274.4	294.5	425.8	400.6	337.9	434.1	547.6	677.6	732.0	660.2	560.1
Agency overhead costs	34.1	44.0	57.7	55.3	45.5	58.0	73.2	87.9	94.2	85.1	73.1
UNDP administrative/support costs . .	36.4	43.8	52.5	57.2	59.5	63.6	70.8	91.6	104.6	107.1	113.2
Total	344.9	382.3	536.0	513.1	442.9	555.7	691.6	857.1	930.8	852.4	746.4

¹ Provisional.

² Including contributions for Special Measures for Least Developed Countries, Government cost sharing and Government cash counterpart.

³ Program cost contributions included in voluntary contributions pledged.

percent, versus almost 32 percent for 1972 and 20 percent for 1975. During the years from 1973 to 1983, increased contributions barely kept pace with the rising costs of technical experts, and were not enough to expand UNDP programs, despite an annual growth target of 14 percent set by the Governing Council.

Several countries that have been recipients of UNDP aid have relinquished their funding allocations. As of 1984, Bermuda, Greece, Israel, and Kuwait have done so, while Argentina, the United Arab Emirates, Saudi Arabia, Venezuela, and Yugoslavia have all increased their contributions to the level where they exceed any assistance they receive. The number of net donors is expected to continue to increase. Over the last 10 years, developing country contributions have increased at a faster rate than those of industrialized nations.

Working with nearly every government—and with 28 international agencies—UNDP helps support some 4,500 operationally active development projects in Asia, Africa, Latin America, the Middle East, and parts of Europe. The program operates in five broad areas:

- Surveying and assessing development assets (farms, forests, mineral deposits, fuel reserves, manufacturing and export potential, etc.)
- Stimulating capital investment to realize potential output and development.
- Providing vocational and professional training (including the establishment and equipment of local training facilities).
- Adapting and applying modern techniques to operate development projects in agriculture, health, education, industry, and other sectors.
- Participating in the overall economic development planning of the other UN agencies, with emphasis on meeting the needs of the least developed countries and the poorest segments of their populations.

At the end of 1983, some 9,400 field experts were engaged in UNDP projects in more than 150 countries and territories, of which some 825 were U.S. nationals. Of the project actions approved in recent years, over 90 percent were based on country programming 5-year projections and charged against the indicative planning figure, and special measures fund for least-developed country budgets. The UNDP estimates that followup investment commitments from public and private sources to projects that it initiated reached some \$6.7 billion by the year 1983.

Most of these UNDP projects are carried out by the specialized organizations of the UN system which serve as executing agencies (table 9). FAO is the principal executing agency in the field of world food problems and development of the agricultural sector in member countries. In 1983, FAO was responsible for \$116.5 million in UNDP-financed projects, a significant decline from dollar levels in 1980-82.

Among other agencies that perform activities related to agriculture and rural development under UNDP auspices are the International Labor Organization (ILO), International Fund for Agricultural Development (IFAD), World Health Organization (WHO), World Bank, World Meteorological Organization (WMO), United Nations

Table 9—UNDP program allocations by agencies, 1973–82

Organization	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
	<i>Million dollars</i>									
United Nations	44.2	44.9	62.7	56.0	51.0	63.5	65.1	83.6	91.5	85.1
ILO	27.2	27.5	37.1	30.3	25.8	37.9	46.0	56.2	54.0	51.1
FAO	78.6	76.7	117.2	105.4	88.4	111.4	131.4	167.1	182.5	141.1
UNESCO	36.5	33.9	43.5	35.1	29.5	33.2	45.9	53.9	52.2	44.5
WHO	14.1	15.9	22.5	20.0	14.9	14.3	16.2	22.7	23.6	20.0
ICAO	7.0	9.7	15.9	17.3	15.1	25.7	29.5	36.1	39.8	35.3
WHO	5.3	5.6	6.8	6.5	6.6	7.7	8.7	9.9	12.4	11.8
ITU	10.0	11.2	16.2	14.9	12.5	16.2	20.5	27.0	32.4	25.1
UNDP	3.7	13.9	25.9	19.2	25.0	35.3	44.0	53.8	52.4	46.8
UNIDO	16.1	19.1	30.2	30.5	33.7	42.4	51.4	56.9	66.9	67.6
UNCTAD	3.9	4.3	7.7	8.1	8.1	9.5	13.2	15.8	17.0	14.5
World Bank	15.1	13.6	12.1	13.4	11.4	15.8	26.5	29.0	35.5	39.5
Others	6.0	7.4	11.2	9.7	9.9	14.7	37.3	50.0	51.7	53.3
Governments	—	—	—	—	2	—	7.2	7.8	10.3	16.6
Subtotal ¹	261.7	276.3	397.8	356.7	322.2	412.9	505.6	619.8	670.5	599.0
Government cash counterpart expenditures	5.3	6.8	6.1	6.7	5.8	6.5	4.7	7.8	9.8	8.6
Total	267.0	283.1	403.9	363.4	328.0	419.4	510.3	627.6	680.3	607.6

¹ Data cover expenditures financed under UNDP IPF, Program Reserve, Special Measures Fund for Least Developed Countries, and Special Industries Services (SIS) and cost sharing (the latter included in subtotal for 1973–76 only).

Industrial Development Organization (UNIDO), and United Nations Conference on Trade and Development (UNCTAD).

While most UNDP projects are executed by the UN agencies, UNDP established a project execution division in 1973 to oversee projects that UNDP implements directly. During 1983, the cost of these projects amounted to \$37.5 million. Projects handled directly by UNDP are of a highly technical or multidisciplinary nature, including food processing, enzyme production, and offshore food exploration. Other significant shifts in UNDP funding during the past 10 years are the increasing amounts going to UNIDO (UN Industrial Development Organization), the World Bank and to UNCTAD (UN Conference on Trade and Development) and directly to governments as executing agencies on UNDP programs.

In presenting his report for 1983, UNDP's Administrator called attention to a number of significant policy actions taken by the organization, and again stressed "the central need for central resources." After several years (1979-83) in which contributions to UNDP remained essentially flat while costs continued to escalate, the Administrator was able to announce a number of new ad hoc contributions linked to specific UNDP sponsored actions. Many of these contributions were by the smaller OECD governments and were part of co-financing for special projects. The Administrator also cited a number of "investor-forums" organized with the aid of UNDP's field officers which resulted in private investor proposals for expanded agribusiness and other sector projects. He noted that cofinancing and parallel financing for UNDP program and project support in the field had reached almost \$200 million a year.

Among other major accomplishments for 1983 cited by UNDP's Administrator were: completed reports by UNDP field officers on priority actions for Africa, pursuant to the request of the UN Secretary General; strengthened relations with the World Bank and the regional development banks to increase collaborative actions; joined with WFP and other concerned UN agencies to further cooperative activities in the food-population area; appointed a special coordinator for concerting the many program activities directed toward the least developed countries. UNDP's Administrator underscored that the agency provided a framework and a field service network, and the central resources of UNDP were essential to that purpose.

UNDP Procedures for Program Evaluation

UNDP's Governing Council has encouraged a systematic evaluation of the technical cooperation extended by the many UN agencies which execute projects under UNDP auspices. Following the Council meetings in 1978 and 1979 in which evaluation was stressed, UNDP expanded its efforts to assess the effectiveness and efficiency of its programs.

Further emphasis on evaluation was made by UNDP when, in October 1983, it established a separate and central office for the work, within the Bureau for Program Policy and Evaluation. The new office was assigned responsibility for:

- Developing and monitoring evaluation policy within UNDP.
- Helping the regional bureaus and field offices in the special funds administered by UNDP in carrying on evaluation programs.

- Monitoring the performance of evaluation activities carried on by other units throughout the UNDP.
- Collaborating with other international agencies and with governments on evaluation policies and projects.
- Keeping the Administrator informed of the results of program evaluations and thereby helping improve program design and performance.

In recent years, program evaluation has followed two lines of work:

- **Thematic Evaluation.** This approach, begun in 1977, aims to improve the design of projects in similar program fields. By analyzing the process of providing technical cooperation as well as the impact of the individual projects, the delivery of such assistance may be improved.

Evaluation work of this kind is a joint undertaking of the UNDP and its executing agency. The UNDP and the executing agency agree on a number of individual studies on some selected subject matter areas, such as providing technical assistance to agricultural sector planning units in developing countries. A plan of work is formulated and joint funding agreed upon, including desk reviews at agency headquarters and field reviews in the countries requiring the assistance. Eight to 10 countries are covered in the field visits. The following areas are stressed in the evaluation report: assessment of project design, problem areas in implementation, substantive achievements, and conclusions and recommendations to agency management.

Thus far, 12 broad studies have been undertaken: comprehensive development planning, rural development, issues and approaches for technical cooperation projects, technical cooperation in the textile industry, industrial research and service institutes. A study jointly undertaken by FAO and UNDP on agricultural training was published by FAO in 1980; a report on agricultural research centers was published in 1983. Among other subject areas recently covered are: health, manpower, and technology in light industries.

- **Individual Project Evaluation.** For several years, UNDP has had a policy of evaluating each project of more than \$150,000 at one or more points during its execution, e.g., during stages when a decision on renewal or extension of the project needs to be made. Providing for evaluation is an integral part of the project design and agreed to by the agencies involved.

This kind of evaluation is also a tool of management, helping in both project implementation and project formulation as experiences are fed back to UNDP and specialized agency staffs. Frequently, external consultants, not employed by UNDP or the executing agency involved, are retained to participate in the project evaluation exercise—adding further objectivity and credibility to the reports made.

Other Activities Administered by UNDP

The UNDP Administrator is also responsible for several associated programs. Among others, these include the UN Volunteers, the UN Revolving Fund for Natural

Resources Explorations, the Capital Development Fund, the UN Special Fund for Land-Locked Developing Countries, the United Nations Sudano-Sahelian Office, the UNDP Energy Account, and the UN Financing System for Science and Technology for Development.

UN Volunteers

The UN Corps of Volunteers (UNV)—an international peace corps—came into being in 1971. The 25th General Assembly in 1970 adopted a resolution (1) establishing as of January 1, 1971, an international group of volunteers to be designated collectively and individually as UN Volunteers; (2) requesting the Secretary-General to designate the Administrator of UNDP as Administrator of the UN Volunteers and to appoint a coordinator within the framework of UNDP to promote and coordinate the recruitment, selection, training and administrative management of the activities of the UN Volunteers; and (3) inviting member states, organizations and individuals to “contribute to a special voluntary fund for the support of United Nations Volunteer activities.”

The activities of the UNV continued to expand throughout the 10 years, 1973-83. Priority was given to getting volunteers to work in the least developed countries and to increasing the rate of recruitment from developing nations. As of 1980, 525 volunteers were working in 70 developing countries. Fifty-eight percent of these volunteers were working in least-developed or newly independent countries. Nearly two-thirds were from developing countries. The UN General Assembly approved a proposal to increase the volunteer force to 1,000 by 1983—and this number has been reached. However, funds for operating the volunteers did not grow as rapidly as their numbers; more of them were recruited from developing countries and they did not usually cover their costs. Funding did exceed \$1 million in 1983 with the largest contributions coming from Switzerland and the Netherlands; the United States has been the largest contributor in several previous years.

The bulk of volunteer placements were with UNDP-assisted projects, including the United Nations Fund for Population Activities, the World Food Program, and UNICEF. These volunteers were serving in a broad spectrum of fields—as agriculturists, foresters, veterinarians, biologists, irrigation specialists, engineers, mechanics, economists, statisticians, architects, surveyors, teachers, teacher training specialists, nurses, and sociologists. In keeping with longer term objectives, UNV has made the least-developed countries major recipients of assistance.

Fund for Natural Resources Exploration

Created by the General Assembly in 1975, this Fund helps underwrite searches for economically useful mineral deposits. Repayment is required only when new mineral production actually results. By 1980, the Fund's capitalization stood at over \$23 million, and activities were underway in over 20 countries but its funding has grown little during the early 1980s. In 1983 \$2 million was contributed. In addition to research for mineral resources, UNDP's technical assistance in this sector spans almost the entire spectrum of natural resources development, including policy, planning and legislative measures; surveys and investigations; prefeasibility and feasibility studies; training of national personnel; transfer of modern technical know-how; improved research facilities; explo-

ration; production; marketing; and trade negotiations. Activities have ranged from new oil exploration in Indonesia to the search for suitable hydroelectric sites in Nepal.

The United Nations Capital Development Fund

Established in 1966, the UN Capital Development Fund (CDF) provides limited amounts of "seed financing" for such social infrastructures as low-cost housing, water supply in drought areas, and rural schools and hospitals. The Fund also supports such grassroots productive facilities as agricultural workshops, cottage industry centers, cooperatives, and credit unions. The least developed countries are the main focus of CDF activities and receive the most assistance. By 1980, 70 countries had contributed over \$100 million to the CDF's resources. Agricultural projects accounted for more than 30 percent of these commitments, a substantial portion of which was allocated to drought-related activities.

United Nations Special Fund for Land-Locked Developing Countries

The United Nations Special Fund for Land-Locked Developing Countries was established by the General Assembly on December 15, 1975, and its Statute was approved by the General Assembly on December 21, 1976. The purpose of this Fund is to provide resources, including financial and technical assistance, for projects aimed at offsetting and reducing the transit and related transport costs incurred by land-locked developing countries. The Fund will provide support for projects and studies designed to improve the transit and related transport facilities for these countries.

The first Pledging Conference for the Fund was convened in 1977 when contributions to the Fund were announced by 15 governments. Following this initial contribution of resources, the General Assembly requested the Administrator of UNDP to manage the Fund during an interim period and to propose, in collaboration with the Secretary-General of UNCTAD, interim arrangements to implement the aims and purposes of the Fund.

In June 1978, the UNDP Governing Council approved the proposals made by the Administrator for the operation of the Fund and additional pledges to the Fund resulted in a commitment of \$726,000. By early 1983 the added amounts contributed to this Fund were less than \$100,000.

Other Funds and Programs

In addition to the above-mentioned special funds, UNDP and its Administrator are also charged by the UN General Assembly with administering the new *United Nations Financing System for Science and Technology for Development*. The main purpose of this Fund is to assist developing countries in building up their own research and development infrastructure—suitable to their particular needs and circumstances. Operational activities under this Interim Fund began in May 1980, following a pledging conference at which almost \$50 million in initial voluntary contributions was recorded. However, differences among donor governments, including OPEC countries, has stalled attainment of the funding targets; by 1983 contributions had reached \$24 million.

The UN Secretary-General has also invested the UNDP Administrator with responsibility for the work of the *United Nations Sudano-Sahelian Office*, which supervises both a multisectoral program of rehabilitation and development among eight drought-stricken countries of Africa and assists—on behalf of the UN Environment Program—the anti-desertification efforts of some 15 countries in the Sudano-Sahelian region. Contributions to this Fund in 1983 were some \$550,000.

In June 1980 the UNDP Governing Council authorized the Administrator to establish a special energy account with UNDP, to obtain voluntary contributions for the purpose of financing needed preinvestment and exploratory projects in the energy field. The program is to be carried out in close collaboration with the World Bank and the UN Department of Technical Cooperation for Development, with special emphasis on the energy needs of low-income countries.

4. FOOD AND AGRICULTURE ORGANIZATION

Background

The groundwork for establishing FAO was laid at a 44-nation meeting held in Hot Springs, Virginia, May 18-June 3, 1943. The first FAO Conference was held in Quebec, October 16-November 1, 1945. Permanent headquarters were established in Rome in 1951. FAO's purpose is to raise the level of nutrition and to improve the production and distribution of food and agricultural products for all the peoples of the world. FAO is also concerned with improving the condition of rural populations and thus contributing toward higher standards of living and improved economies of member countries.

In serving the needs of its member nations, FAO has become the largest single organization providing agricultural technical assistance to developing countries. FAO focuses on all sectors of agriculture, including forestry, fisheries, crops, and livestock. It maintains working contacts with the other major international organizations concerned with food and agricultural development.

Membership in FAO has grown steadily since its founding. By the end of 1983, 155 nations had joined the organization. Most of the new members, particularly those of recent years, have been developing countries that made application to FAO as they acquired their independence. China is a member; the Soviet Union is not.

Two categories of funding are available to FAO: the assessed (quota budget) contributions from member countries, and extra budgetary or voluntary contributions by governments, international organizations, and various nongovernmental donors. FAO's extra quota programs are financed by funds-in-trust arrangements with contributing countries, some by the international and regional banks under special agreement. Most of the extra-budgetary monies are for assistance to developing countries. Table 10 shows sources and amounts of funds for the years 1973-83 on an annual basis (using 2-year averages) for the years prior to 1983. Although FAO's extra budgetary funds have grown rapidly since 1975, they have become a smaller proportion of total FAO funding since 1977. In 1983, FAO's regular program funding was about 38 percent of the total, compared to about 25 percent during the years 1973-76.

FAO's program has evolved in line with the differing needs of its membership and the way these have been interpreted by successive Directors General. In its early years, a principal purpose of FAO was to collect and disseminate agricultural information that its member countries desired. Later, as UNDP took shape and FAO became a principal executing agency for its agricultural projects, and as FAO membership was increasingly comprised of developing countries, FAO became an important source of development assistance. This orientation has become more pronounced as a result of member views expressed in FAO's governing bodies during the 1970's and as interpreted by the Director General elected in November 1975 and reelected in 1981.

Organization and Operations

The supreme governing body of FAO is the Conference, which holds regular sessions biennially and elects the Director General. Each member government may send

Table 10—Sources of FAO funds, 2-year averages,¹ 1973-82 and 1983

	Regular Program	UNDP Programs	Trust Funds Programs ²	International Agencies Adm. Costs ³	Total Extra-Budgetary Activities	Total FAO Operating Funds	Proportion Regular Program to Operating Funds
				Million dollars			
1973-74	46.6	85.6	30.1	17.9	128.6	185.2	25.5
1975-76	63.1	125.2	96.8	22.4	208.7	271.3	24.6
1977-78	93.5	106.8	50.5	22.9	193.1	286.6	32.6
1979-80	153.3	149.5	92.1	27.0	268.6	421.9	36.3
1981-82	180.0	171.2	123.9	29.0	324.1	504.6	35.7
1983 ⁴	220.0	184.0	130.0	35.0	350.0	579.0	38.0

¹ The 2-year averages are based on FAO data but do not coincide with FAO's biennial years. The regular program funding includes monies for the Technical Cooperation Program (TCP) that FAO began in 1977.

² The trust funds are mostly voluntary contributions by donor governments for FAO to carry out, specific activities in line with its charter.

³ The administrative costs are reimbursements to FAO by the international agencies, i.e., the World Bank, the World Food Program and UNDP for administering the programs; the reimbursements do not fully cover FAO's estimated costs.

⁴ Estimated

one delegate to the Conference and each has one vote. Delegates are accompanied by alternates, associates, and advisers as determined by each government. The Conference acts on applications for membership in FAO, decides on the budget level and the scale of member contributions, and reviews and approves the Organization's program of work.

The Conference also elects member countries to the Council, which meets between Conferences and serves as a second-level governing body. The United States has been a member of the Council since its establishment. At present, 49 countries are members, an increase from the 34 that comprised the Council prior to 1973. Regional conferences are convened in each of the FAO regions every second year to discuss problems of the region and to provide guidance for the Conference and the FAO Secretariat.

Much of the substantive work discussed by the Council and the Conference is carried out by committees. There are seven standing committees dealing with program, finance, constitutional and legal issues, commodities, agriculture, forestry and fisheries. The Conference and the Council also carry on their work through a number of ad hoc bodies such as the Committee on World Food Security and the Commission on Fertilizers.

The Committee on Commodity Problems has a number of subgroups, known as intergovernmental groups, which provide forums for dealing with individual commodity matters. Other committees have been designated to work on ad hoc problems. The FAO Secretariat prepares substantive papers in connection with each committee meeting for more structured discussions in the committees and to have their conclusions serve as a guide to further work by FAO's Secretariat.

FAO's scope of activities and funding levels have grown rapidly since its founding. While the regular program, for the benefit of all members, has increased substantially, the greatest increase has been in activities for the benefit of developing countries. This reflects both the enlarged membership of FAO, mostly from among the less developed countries, and rising concern over the problems of food for the rapidly growing populations of these countries. Nearly four-fifths of the funds received by FAO from all sources were spent on field activities during the years 1975-83.

FAO's organizational structure as of 1983 reflects its varied missions and activities (see figure 4). Some recent changes introduced in FAO, but not fully reflected in the organization chart, should be noted:

- Decentralization. In recent years, FAO has been decentralizing more of its activities to have a greater country-level impact. As a part of this effort, it has been upgrading and strengthening its country representation and funding the costs of representatives directly rather than sharing costs and direction with UNDP as was formerly the case. The number of Country Offices reached 62 by the end of 1981.
- Investment. FAO is employing its technical staff more directly in the preinvestment process; it provides assistance to countries and institutions in preparing projects for external investment in agriculture and agribusiness. It seeks ways of working with financial institutions and continues its cooperative work with the major international development banks.
- Increasing food production and food security. Responding to the continuing crises in food supplies for many developing countries, FAO is putting more emphasis on the

basics of increasing yields, and on international arrangements to provide greater food security. It is also seeking ways to strengthen its support for agricultural research institutions in developing countries.

FAO activities may be divided into several broad categories or functions:

(1) Servicing FAO's governing bodies, that is, the Conference and Council, and the standing administrative and substantive committees; providing a forum for international discussions on world food and agricultural problems and for regional consideration of such problems.

(2) Collecting, analyzing, and disseminating a wide range of data on food, agriculture, and rural affairs of interest to its member countries; serving as the focal point within the UN system for such data, including the operation of information systems AGRIS and CARIS, and for publication of relevant documents and periodicals; providing an early warning system and a focal point for international consultations on serious food situations.

(3) Providing technical assistance and training opportunities for developing countries in all aspects of food and agricultural development. Technical assistance and training is provided by executing UNDP country projects and projects financed from other sources, conducting seminars and workshops, helping formulate investment projects for international financial institutions, etc. Projects in the field are backstopped by FAO's technical personnel in the various substantive divisions of the organization. Since 1977, FAO has been operating a technical assistance program from regular (quota) funds which gives the Director General greater flexibility in responding to requests of developing countries.

Selected Technical Programs

The following are some principal areas of FAO activities. They indicate the kind of work done by FAO's technical divisions, largely under regular program funding. This is not intended to cover all aspects of FAO's work.

Plant Production and Protection

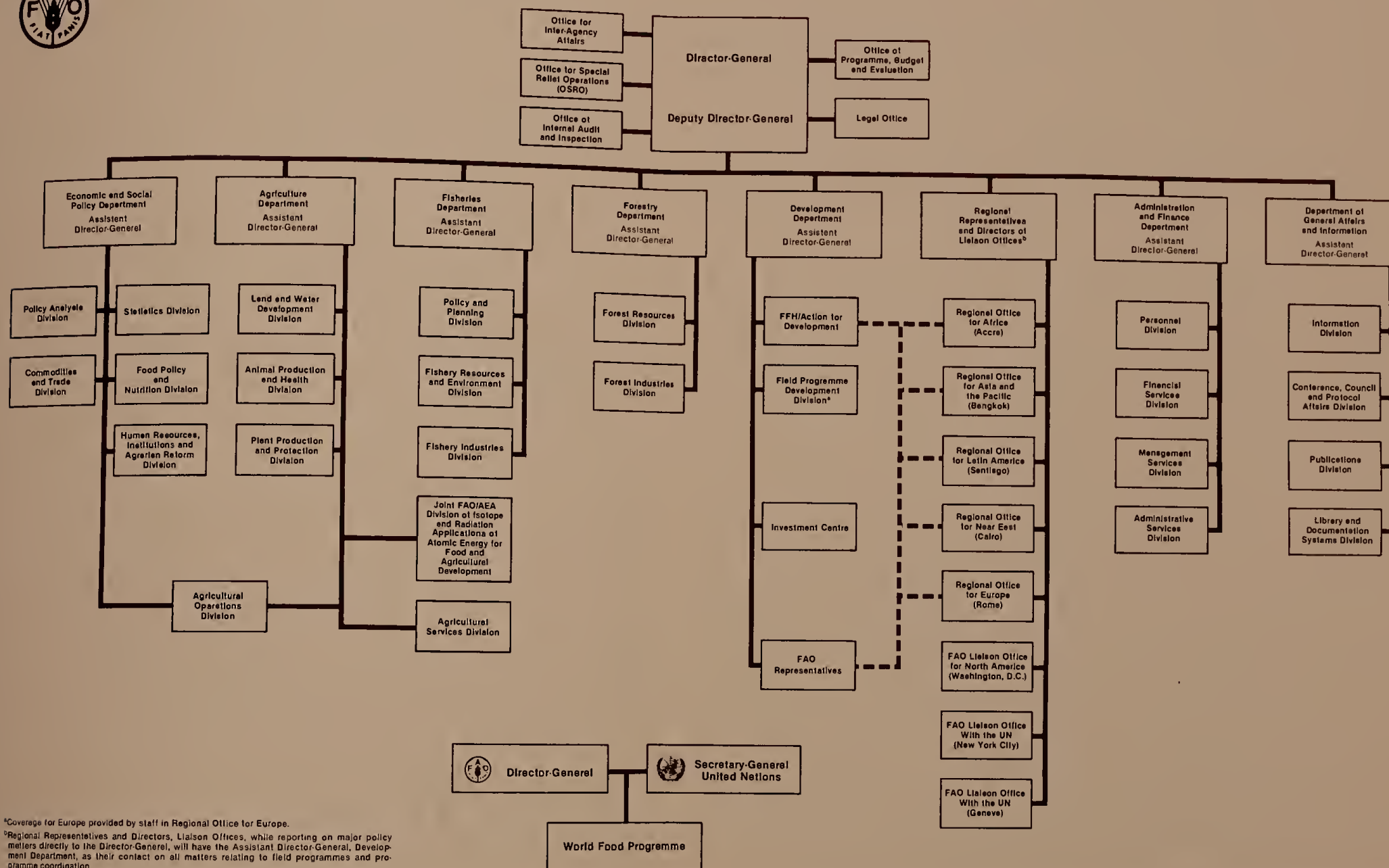
FAO efforts to increase production of crops include a concern with high-yield technology, fertilizer and pesticide use, and advanced farming techniques. A major effort is being made to promote the production and utilization of improved seed varieties in developing countries. On a national level, FAO advises governments on seed production and legislation. In crop production, researchers are evaluating potential dangers of pesticides. Studies are being made in cooperation with the World Health Organization on the residue effects of pesticides on humans.

At the same time, research continues on insect resistance to common pesticides. Operational projects include assistance to improve forage and pasture crops, rangeland, fruit and vegetable production, training in modern horticultural techniques,

Figure 4

Food and Agriculture Organization of the United Nations

Organization Chart, 1 January 1983



and conservation of plant genetic resources. Headquarters backup support is provided to some 600 field specialists each year.

FAO operates a Seed Improvement and Development Program (SIDP), through which it provides assistance and training to developing countries in formulating national seed programs and related projects. Each year FAO provides thousands of seed samples to more than 100 developing countries; it also helps in establishing or strengthening national seed production and training centers: some 30 such national centers are aided.

In 1978, FAO began operations of its Action Program for the Prevention of Food Losses (PFL) which is designed primarily to reduce post-harvest losses of staple foods. By the end of 1979, more than 80 requests for assistance had been received by FAO and 60 projects approved, but the interest in this activity seems to have waned in recent years. In this program, emphasis has been placed on improved farm and village storage, loss assessment surveys, grain drying, pest control, processing, primary marketing systems, and harvesting and threshing.

Other examples of FAO activities aimed at increasing crop output include the following:

- Within the FAO/UNEP Cooperative Global Program on Integrated Pest Control, field activities in cotton growing were expanded in Sudan and Syria; a large-scale program in basic food crops production in eight Sahelian countries of Africa has been underway since the 1970's; and an inter-country program for integrated pest control in rice-growing areas has been launched for seven countries of Asia.
- Methods of crop forecasting based on agro-meteorological information were refined to better enable FAO's Global Information and Early Warning System to detect impending crop failures. FAO coordinated aerial and ground operations and was involved in halting the 1978-79 upsurge of the desert locust in Africa and the Near East.
- With the support of the Secretariat of the International Board for Plant Genetic Resources (IBPRD); FAO has helped develop genetic resources programs in six areas; it has established crop committees for wheat, rice, maize, sorghum, millet, and beans, and has convened working groups to review the situation of the germplasm of coconut, bananas and plantains, and tropical vegetables, as well as genetic resources for forage plants, cotton and coffee.

During the 1983 Conference, FAO's Secretariat, supported by a number of developing countries, introduced a proposal for the establishment of a Commission on Plant Genetic Resources as part of a broad International Undertaking on Plant Genetic Resources which would operate under FAO. The United States and other developed countries opposed the resolutions as formulated and adopted.

- FAO has provided assistance on biological nitrogen fixation in countries of Africa and Latin America and is initiating other projects in the Far East. It also has begun to assist the member countries in the development of biological sources of energy.

FAO supports agricultural research through its Research Development Center and the Joint FAO/IAEA¹ Division of Atomic Energy in Food and Agriculture. In recent years, the Center supported projects in more than 25 developing countries, prepared projects for 7 other countries, and assisted in the reorganization of agricultural research in 5 countries. FAO's Current Agricultural Research Information System (CARIS) reached a milestone in 1978 with the establishment of the first CARIS data base and the issuance of three directories (institutions, specialists, programs/ projects).

On an annual basis, the FAO/IAEA program provides support to more than 60 small-scale and several large-scale technical assistance field projects. The program has strengthened national capabilities through 25 coordinated research programs and continued its "in-house" research using isotopes and atomic energy techniques on a variety of agricultural problems.

FAO provides support for the Consultative Group on International Agricultural Research (CGIAR), particularly in servicing its Technical Advisory Committee (see chapter 11 on programs of the international research institutions).

Animal Production and Health

FAO supports operational programs, training and research activities, and dissemination of information to promote livestock production. Work is done on animal breeding and husbandry and the control of animal diseases. Animal breeding assistance usually takes the form of training programs, whereas the health program often involves large-scale efforts for vaccine production and distribution.

FAO is called upon in animal disease emergencies, and often can provide vaccine on short notice. It has supported university and middle-level courses for controlling animal diseases in Colombia, the Dominican Republic, Ethiopia, Kenya, and Somalia. An FAO Regional Training Center was established in Kenya with support from the governments of Kenya and Denmark; the center is host to the FAO/WHO training courses for meat inspectors.

FAO has begun a more intensive effort to seek means of controlling African animal trypanosomiasis, a parasitic disease borne by the tsetse fly which affects both animals and humans in a wide area of the continent suitable for livestock raising.

FAO established an international dairy project in 1970 to help accelerate development of dairy industries in developing countries and by 1975, some 17 donor countries and 48 other countries had joined the program of planning national dairy development programs. Five dairy training centers, located in Chile, Senegal, Uganda, Lebanon and the Philippines, hold regional dairy training courses under a cooperative arrangement between FAO and Denmark. In 1979, the dairy project was evaluated to assess its impact and plan its future; the conclusion was that this program should be continued and it has. Strengthening national dairy training programs and institutions received priority during 1980-84. FAO's yearbook on the State of Food and Agriculture, published in 1983, featured animal industry in the world.

FAO launched an international meat program, patterned after the successful dairy effort, to improve livestock production and expand supplies by improving animal health, animal slaughter, and processing. Some 43 projects have been undertaken under

¹*International Atomic Energy Agency.*

the program. The Swedish International Development Agency assisted FAO's meat program by establishing a trust fund of \$895,000 to cover technical personnel and mission support for a 4-year period. The meat development program and the Artificial Insemination Breeding and Development Program (AIBDP) were evaluated in 1979 and continued for another 5-year period with further donor support.

FAO emergency programs include training courses, technical meetings, and regional projects. Many are done in cooperation with local and regional institutions concerned with animal health and disease control. Of particular importance to the United States were FAO's emergency programs in 1978-79 for the prevention and control of African Swine Fever (ASF), a deadly disease which had crossed the Atlantic and broken out in the Western Hemisphere, particularly in the Dominican Republic, Haiti, and Cuba.

Fertilizer

After a year of acute fertilizer shortages and increased prices, which followed higher prices for oil, FAO established an "International Fertilizer Supply Scheme" in 1974. Although fertilizer supplies have since become more plentiful and prices have declined, the continuing balance-of-payments difficulties of some developing countries have led to a continuation of the project which provides fertilizers on a concessional basis. But donor support for the fertilizer supply program has waned in recent years.

FAO carries on a program of assisting developing countries in more effective and more widespread use of fertilizers. During 1982-83 FAO's Fertilizer Program continued, its emphasis reducing developing country dependence on chemical fertilizers by alternative fertilizer systems including recycling of organic wastes, and bridging the gap between research and field application of biological nitrogen fixation. Experience in organic recycling in Asia is being introduced in other developing regions.

Over 60 pilot projects in handling fertilizer distribution and credit were undertaken and about 3,500 tons of fertilizer were supplied during the 1982-83 period. Regional seminars on fertilizer pricing policy and subsidies were held in Bangkok and Dakar. International training courses were arranged in France, the Netherlands, and Spain.

Land and Water Resources

The problems of Africa's Sahel area, and the possibility that vast areas of rangelands in Africa and the Near East might degenerate into barren desert, gave new impetus to FAO work in soil and water management. FAO has joined with the UN Environment Program to assist governments in the region in preserving their lands. In general, FAO provides technical assistance for pasture and crop improvement, appraisal of areas suitable for agricultural development, and development of national soil surveys and conservation activities.

FAO's assistance includes projects to locate water resources, preinvestment studies for irrigation projects, advice to governments on administration and legislation, mobilization of unemployed rural labor to improve water supplies, and applied research on fertilizer requirements for the new high-yielding crop varieties.

By 1979, FAO had been the executing agency for some 40 UNDP-financed projects on soil management, and by 1983 more than 50 projects had been initiated. FAO

is executing agency for a 6-year project on land and water development in 20 countries of the Near East with funds provided by some of the countries in the region.

In addition to preparing publications on soil classification and methodology, FAO supplies scientific information resulting from its use of radioactive isotopes to trace underground water, and computer programming to determine optimal use of water resources.

FAO helps conduct technical seminars and general policy conferences on various aspects of soil and water management. On-farm use of water was a major topic at the 1979 meeting of the Committee on Agriculture (COAG). In 1980, the U.S. Department of Agriculture hosted an international experts meeting sponsored by FAO on water management for farmers.

Fisheries

When Peruvian anchovy fishing fell sharply in 1973, at a time when many countries had crop shortfalls, the connection between fishing and world food supplies became more apparent and the need for international involvement in fishing was underscored. National pressures to exploit the resources of the seas—as evidenced in the international conferences on laws to govern national rights—have also had an impact on FAO's program in fisheries. FAO's regional bodies, such as the Indian Ocean Fishery Commission, are considering measures for a more rational harvesting of fish in the regional waters. Resources of inland fisheries are also subject to overexploitation as well as to risks of pollution. FAO, through its subsidiary fisheries committees, is studying ways in which countries can reduce these risks. A major effort of FAO's Fisheries Department is to help countries harmonize their fishing activities within the framework of the recently established "Exclusive Economic Zones" (EEZ), which *inter alia* establish 200-mile fishing zones along country coasts.

FAO carries out its program in fisheries with the advice of a Committee on Fisheries (COFI). It is open to all member countries of the organization and most countries participate. COFI reviews problems of fisheries and their possible solutions by nations and intergovernmental bodies.

FAO's Fisheries Department operates a fishing fleet of about 100 vessels, principally to provide training. The major emphasis of the fisheries program is training and education. FAO estimates that there is a 30 percent increase in productivity by participants in its training programs.

A second area of assistance is the promotion of cooperation among nations and institutions interested in investment in the fishing industry. FAO also plays an active role in sponsoring international conferences and drafting international treaties on conservation of fishery resources.

Each year FAO participates in almost 150 fishery development projects. Some 200-300 experts are included in these activities. UNDP-financed fishery projects in which FAO is the executing agency run from \$10 to \$15 million a year. Other fisheries projects are financed under bilateral programs and several are conducted in cooperation with UNICEF and UNIDO. FAO conducts international fishery surveys and feasibility studies to determine investment possibilities for public and private financial institutions and helps to focus their attention on such investment opportunities.

Food Policy and Nutrition

In recent years, FAO has put emphasis on helping countries investigate national food consumption levels and develop national nutritional services. FAO is involved in some 250 field projects which are concerned with problems in human nutrition. Considerable assistance is given to the establishment of food and nutrition units in ministries of agriculture. Other activities include education, promotion of protein foods, and group feeding. Home economics programs attempt to reach rural families and communities with information on the best use of food. Special care is taken to keep food innovations within the traditional dietary pattern of the developing countries. UNICEF has financed many of FAO's nutritional projects, especially those involving improvements in nourishment of children and mothers. A major portion of FAO's program activities in nutrition is carried on with supplemental funding provided by several interested countries.

The work on nutrition was given a broader policy orientation under FAO's Food Policy and Nutrition Division. In 1975, a Global Nutrition Surveillance Scheme was initiated. Linked with the FAO Food Information and Early Warning System, it monitors nutritional conditions among the most deprived groups and maintains a constant flow of information on the nature and location of food deficiencies. FAO has responded to a World Food Conference recommendation for coordination of supplementary feeding programs for vulnerable groups and has been participating in the coordination efforts among UN agencies. FAO has strengthened its food and nutrition policy activities for 1983-84, and it will give added emphasis to the integration of nutritional objectives into all of its agricultural and rural development programs. FAO is also participating in world food surveys, and providing assistance to countries on national food strategies as proposed by the World Food Council.

Forestry

Interest is rising in forestry programs and projects from the viewpoint of resource use and employment. The number of FAO forestry projects financed by UNDP grew from 62 in the 1972-73 period, with a budget of \$40 million to double that amount a decade later. FAO's Forestry Department administered some \$62 million for projects carried out in 1982-83 with extra budgetary funds from governments, trust funds, and the World Food Program (WFP). A principal aim of WFP forestry projects is to help in conservation and to create jobs for rural unemployed through reforestation and related work. In 1980, FAO's forestry field program comprised 148 projects, mainly funded by UNDP and this was augmented by grants from individual donor countries.

An area of emphasis in forestry is on education and training. In addition to advising many governments of Africa and Latin America on the operation of their own schools, FAO operates forestry education and training projects devoted mainly to the production and distribution of forestry textbooks and the improvement of school curricula. Other areas in forestry which are receiving considerable attention are: research on high-yielding varieties; surveys of forestry products and the means of marketing them; forestry development planning; and environmental conservation. FAO conducts technical seminars, forestry policy conferences, and assists host governments with the World Forestry Congress, which is held at 6-year intervals.

FAO is helping implement programs and policies arising from Forestry Congress resolutions such as greater development of forestry resources in low-income countries with due consideration to the environment and long-term social benefits. The 1978 Forestry Congress urged more attention to forestry and rural development. FAO has extended assistance to numerous countries on the administration of forest lands and forest resources.

Training

In most projects funded by UNDP, an essential element is training local staff. This is not a simple matter. Often there is lack of adequately trained staff, especially in such fields as economic planning, hydrology, animal production and health, forestry, and manpower planning. The problem is particularly acute in Africa. FAO feels that more effort is needed to improve local staff capability and to assure continuity on projects for which nationals receive training.

Fellowships are provided by FAO to help train staff who are not trained directly in the field, and others for whom training would be beneficial. Traditionally, this has meant training in a more developed country. Most of the FAO-sponsored nationals who come to the United States are aided by the U.S. Department of Agriculture. Within USDA, the International Training Division of the Office of International Cooperation and Development conducts the training or arranges for other institutions to do it and is reimbursed by FAO. FAO has administered over 5,000 fellowships, in the last 5 years. Most are funded under the UNDP Special Fund fellowship program.

FAO regional training seminars and centers are becoming more problem-oriented and directly concerned with the needs of the participating countries. More advance preparation is taking place to allow participants more interaction in the actual program. Approximately 50 such regional programs are operated each year. With growing competency among institutions in developing countries, FAO is increasingly directing training activities to these countries. FAO is giving more emphasis to vocational training, and this is in line with the greater use of institutions in developing countries.

FAO training activities are aided through several bilateral cooperative agreements with: the Swedish International Development Agency, which supported training in Gabon, Mexico, and Ecuador; the Norwegian Development Agency; and additional donors which sponsored seminars on planning and analysis in Thailand, Egypt, and Kenya.

Social and Economic Policy Programs

FAO continues its work in the collection and dissemination of agricultural statistics and economic analyses and has sought to provide an overall policy framework for its programs.

In 1969, FAO completed the Indicative World Plan, which was designed as a worldwide analysis of the agricultural situation and had projections to 1980. In 1971, the FAO Conference agreed that analytical work focusing on policy alternatives relevant for planning by governments should be continued. Country studies were aggregated to develop regional and worldwide analyses. At the Conference in 1979, FAO unveiled its

study *Agriculture: Toward 2000*. This important document projects world food demand, supply, and trade to 1990 and 2000, and contributed to the formulation of the UN's new International Development Strategy.

Government requests for FAO assistance in agricultural development planning led to the establishment of several new teams specializing in various aspects of sector analysis. By the end of 1980, FAO had some 30 such teams in the field compared with 14 in 1974, and the World Food Council emphasis on national food sector strategies, stimulated increased demand for FAO assistance during the early 1980's.

International Agricultural Adjustment

FAO also initiated studies on international agricultural adjustment, a topic of interest to developed and developing countries, and an important item on the agenda of the 1973 Conference and again at the 1983 Conference. Many developing countries have been concerned with the problem of earning more foreign exchange from their agricultural exports in order to sustain imports for general development purposes. The FAO Secretariat provided a framework for looking at this problem under the heading of international agricultural adjustment. This framework noted that agricultural adjustments took place at three levels:

- At the individual level, farmers or groups of farmers increase or decrease production in keeping with market conditions or leave their farms for jobs in the cities.
- At the national level, governments have policies to promote increases or decreases in production, or off-farm migration.
- At the international level, governments, working together, make adjustments in production and trade policy for their mutual benefit.

FAO's work focused particularly on the need for, and the nature of, international forms of adjustment. FAO also prepared guidelines that developed and developing countries might follow as a basis for agricultural adjustments. These guidelines were adopted by the FAO Conference in November 1975. Revised guidelines were adopted by FAO's Conference in 1983, although the United States and several other countries questioned the usefulness of the additional specificity introduced.

Underlying the FAO analyses and guidelines is the proposition that developed countries might adjust their domestic agricultural programs and their imports to permit more exports by the developing countries. The analysis served the interests of developing countries with agricultural export capabilities. The guidelines reflected the growing concern of many developing countries during the worldwide economic recession of 1981-82 that they needed more export earnings to pay debts to industrial countries, continue their own economic development, and maintain political stability.

International Undertaking on World Food Security

As part of FAO's effort to focus attention on the precarious state of world food supplies and stocks, it proposed that governments undertake concerted action to meet the problem within an international framework. A proposal, the International Undertaking

on World Food Security, unveiled at the FAO Conference in November 1973, and adopted by the World Food Conference in 1974, contained the following elements:

- A statement that world food security is a common responsibility of all governments, and concerted action is needed to mitigate conditions of acute food shortages in the world.
- An improved global early warning system.
- Intergovernmental consultations, with FAO providing a forum in which necessary action might be agreed upon in the event of emergencies.
- Guidelines for national stock policies and for stock levels, and a recommendation that governments, where possible, should earmark stocks or funds for meeting international emergency requirements.
- Special assistance to developing countries for increasing their food production, improving their storage and stock policies, and meeting urgent food shortages through food aid.

The FAO proposal was debated and supported in sessions of the World Food Conference, and governments were encouraged to adhere to the principles and guidelines of the International Undertaking. At the FAO Conference in November 1975, some 60 member governments (representing over 90 percent of the world's grain exports) indicated they would take into account the guidelines of the Undertaking in connection with their national food policies. On a recommendation of the World Food Conference, a Committee on World Food Security was established under FAO to continue to review national and international actions pertaining to food security.

In 1979, the FAO Council and Conference adopted a Plan of Action on World Food Security, as an interim measure of voluntary cooperation. The plan consisted of five points: (1) the adoption of food grain stock policies; (2) criteria for the management and release of national stocks in pursuance of the undertaking; (3) special measures to assist low-income food deficit countries to meet current import requirements and emergency needs; (4) special arrangements for food security assistance; and (5) collective self-reliance of developing countries.

In 1982, at the meeting of its Committee on World Food Security (CFS), the FAO Secretariat unveiled a wide-ranging analysis of food security issues and proposed a larger role for the CFS and FAO on food security matters—with some impingement on the role of other international bodies such as the World Food Program and the World Food Council. The United States and other developed countries supported the analytical work but questioned the institutional proposals of the Secretariat.

World Conference on Agrarian Reform and Rural Development

The World Conference on Agrarian Reform and Rural Development (WCAR-RD), sponsored by FAO in cooperation with other agencies of the UN system, was held at FAO Headquarters in Rome in July 1979. It was an important conference attended by more than 100 ministers and deputy ministers and some 1,400 other delegates from 145

countries. The Conference approved a Declaration of Principles and a Program of Action to provide a framework for the reorientation of development policy and strategy toward greater participation and equity for rural people in the development process. FAO member countries agreed to consider actions to set up specific targets for achieving greater rural equity and to make progress reports on that action, as well as authorizing FAO and other organizations of the UN System to assist in evaluating progress. Both the Program of Action and a Resolution on Followup Action assigned FAO lead responsibility for helping governments in their implementation of agrarian reform and rural development.

In November 1979, the FAO Conference authorized the Secretariat to assist member nations to carry out the Program of Action and invited other organizations of the UN System to work with FAO, particularly through the UN coordinating task force on rural development. FAO is helping to develop several regional development centers to assist countries in the implementation of the Program of Action. FAO is also reviewing current and projected field programs to make them more responsive to the Program of Action goals. The Secretariat budgeted \$21.5 million for the 1982-83 biennium work in agrarian reform and rural institutions; member countries provided some \$18 million of this, on a voluntary basis.

The FAO Conference in 1983 again included an agenda item for governments to report on progress made in carrying out provisions of the WCARRD Program of Action. The reports given again differed widely in how governments interpreted WCARRD's call for action.

Other Programs

FAO provides advice and assistance on food processing, crop diversification, mechanization, farm management, agricultural engineering, and production economics. FAO compiles data on the world food outlook and conducts analyses for this purpose. FAO also produces information through economic analyses of completed projects, reporting this information in its publications. The 1980 World Census of Agriculture and its predecessors were FAO projects.

FAO deals with induced plant mutations, fertilization, and food contamination; and recent efforts have emphasized the study of pesticide contamination. It is also involved jointly with the International Atomic Energy Agency in research on the utilization of atomic energy for food production.

In 1976 FAO began a Technical Cooperation Program (TCP) funded from FAO's regular budget. The in-house fund enables the Organization to respond quickly to provide: (1) emergency assistance and rehabilitation for a country after disasters affecting its food and agricultural situation; (2) practical and vocational training activities (augmenting other training financed from trust funds and other sources); and, (3) short-term, small-scale supplementary assistance including purchases of goods that can be immediately useful to a country's food and agricultural situation. In 1978-79, FAO was able to provide speedy assistance, through the TCP, in helping 16 countries combat African Swine Fever outbreaks. The amount of funds allocated to TCP has been increased in each FAO budget and for the biennium 1982-83 was \$47.4 million.

The FAO has major cooperative programs with the World Bank (IBRD) and the World Health Organization (WHO). Cooperation with the Bank is designed to utilize

FAO technical competencies in formulating agriculture and rural development projects which might be funded by IBRD. Over the past decade this has resulted in a larger stream of useful agriculture projects that meet the Bank's criteria for financing. One of the major cooperative projects between FAO and WHO is through the Joint Codex Alimentarius Commission which seeks to develop international food standards. By 1983 over 165 international food standards and 20 codes of hygienic practices had been adopted by the Commission.

Program Evaluation

There are several mechanisms for appraising the effectiveness of FAO program activities in Rome and in the field. Procedures for evaluating each of these programs are as follows:

- Appraisal of FAO Field Programs. Each of the national and international organizations which request FAO to execute programs they fund is involved in its own evaluation of how well FAO carries out the activities requested.

(1) UNDP-funded projects. The UNDP has recently expanded the range of its evaluation activities. A recent publication details the actions and procedures followed. Most evaluations are done jointly with FAO and cover project design, implementation, and substantive achievements. Results are fed back to the UNDP Governing Council and to UNDP management.

In addition to evaluations undertaken by UNDP on FAO projects, there are reviews by the Joint Inspection Unit of the UN which focuses on the UNDP-FAO relationship as well as project execution. The Inspection Unit's reports go to FAO's governing bodies as well as to its management. Comments by FAO management also go to the governing bodies.

(2) IBRD-financed projects. These projects are evaluated by the Bank's criteria of "results," that is FAO's success in identifying and staffing projects in the agricultural sector which IBRD might appropriately fund. Bank staff members follow up the initial work by FAO and make the final decisions.

(3) Trust Fund projects carried on in the field. These projects are funded by member governments and are largely country and program specific; the contributing country works with FAO to appraise performance.

- Appraisal of FAO Regular Program. For FAO's Regular Program, the current evaluation procedures comprise three mutually supporting elements:

(1) Auto-Evaluation. This refers to the monitoring and evaluation of Regular Program activities by Secretariat program managers at all levels. The process, begun in 1978, is intended to be a built-in, ongoing process with primary responsibility assigned directly to heads of departments, division directors, and their staffs. The purpose is to improve the effectiveness and/or efficiency of programs by: (a) assessing the relevance of ongoing programs and considering possible changes in emphasis or substitution by new programs in future programs of work; (b) suggesting modifications where required of objectives, means employed, or resource allocations of programs in the present

program of work and budget to ensure or enhance their relevance; and (c) determining the extent of, and reasons for, the success of completed programs in order to improve future planning.

The Director-General has issued guidelines on auto-evaluation to the staff to facilitate consistency, compatibility, and progress or results. The findings are submitted periodically by managers to department heads who report to the Director-General their assessment of the findings and action taken in consequence.

Thus far, external consultants have not been used in the auto-evaluation process, and reports from department heads have not gone to FAO's governing bodies.

(2) Special Reviews of Individual Programs. Special reviews of individual programs or actions contribute to the appraisal of FAO's Regular Programs. The auto-evaluation exercise may lead to the identification of problem areas, requiring further independent probing by the Evaluation Unit. Panels of consultants are utilized occasionally to develop, evaluate, and/or monitor specific FAO technical program activities, such as integrated pest management. Occasionally, outside consultants are used to assure independent appraisals, such as the review of the Technical Cooperation Program requested by donor governments. Other inter-secretariat mechanisms exist for joint program appraisals, such as the ACC Task Force on rural development and another task force on nutrition.

The FAO Program and Finance Committees regularly review FAO Regular Program activities in some detail, covering a number at each semi-annual session so that the whole range of programs are reviewed during a 2-year cycle. Other committees of the Council, such as those on agriculture, forestry, and fisheries, review various technical programs, and the Conference and Council make general reviews and approve the entire Program of Work biennially.

The first biennial Review of the Regular Program was issued in 1979. Prepared at the request of the FAO Conference and modeled after the Review of Field Programs document, the new Review of the Regular Program represents a culmination of the auto-evaluation process at major program levels. The initial report was divided into two parts—an overall performance report on the Regular Program and a more indepth review of five subprograms. In 1982, FAO, in cooperation with the UNDP, conducted a wide-ranging appraisal of agricultural research including assistance from FAO and other international agencies.

The Joint Inspection Unit (JIU) of the UN also conducts reviews and assessments on a wide range of topics of interest to FAO. Since its establishment in 1968, the JIU has issued more than 45 reports and notes of immediate concern to FAO, including *inter alia*, *Observations on FAO* (in various countries), *Evaluation in the UN System*, *Medium-Term Planning in UN System*, and *Use of Consultants and Experts in FAO*.

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The 1983 FAO Conference was special in several respects: The U.S. Secretary of Agriculture chaired the Conference and there was unanimous approval of the Secretariat's program budget for the biennium ahead. Rising budget requests had been of continuing concern to the United States and other principal contributors during the decade, 1974-83, and the Director General's decision to seek virtually no program increase for the years 1984-85 won the acceptance of all. While the United States took issue with the Secretariat on several program proposals which would broaden FAO's role in food and agriculture (in areas where other national or international agencies were at work or which would impinge on the private sector), the usefulness of FAO as an international agency was not questioned.

5. THE UN/FAO WORLD FOOD PROGRAM

The World Food Program (WFP) owes its origin to the world agricultural imbalance in which some countries produce too much, while others neither produce enough nor earn enough to purchase their food needs in commercial markets. Proposals for international action to overcome the problems of commodity surpluses and food deficiencies were discussed following World War II.

Background

In 1954, the United States initiated a large bilateral food aid program (the P.L. 480 or Food for Peace program) which gave further impetus to discussions on international food aid. In 1960, the UN General Assembly passed a resolution which requested FAO to study possible arrangements, including multilateral ones, for mobilizing and distributing available surplus foods. FAO prepared such a study, calling for a multilateral program with contributions in commodities and cash for a 3-year period. The program proposal was approved by parallel resolutions passed by the FAO Conference and the UN Assembly in 1961, and the World Food Program began operations on January 1, 1963.

The life of WFP was subsequently extended for 3-year periods and then indefinitely. Pledge targets were set, and largely met, rising from the first \$100 million in 1963 to \$275 million for 1966-68, and \$1,200 million for the years 1983-84. The U.S. share, originally set at not more than 50 percent of total program funding, was reduced as more donor countries participated; at present it is about 25 percent of the total pledged.

Making commitments against pledges received from member governments, WFP's Executive Director announced in October 1983 that the program would commit almost \$900 million in project aid in 1984, equivalent to about 1.8 million tons of commodities.

During the past decade, the amount of resources pledged for WFP have grown substantially. (See table 11.) However, the amounts pledged do not present the full picture: the actual sums made available during each biennium since 1977-78 have fallen short of targets. Sometimes, targets are agreed to at levels designed to encourage higher contributions, but countries hope others will make up shortfalls. Costs of transportation as well as commodities have risen during the decade. Thus taken at constant, 1975 prices, the amount actually available for projects has changed little since 1975. Pledging conferences are held every 2 years. Contributions to WFP are made in commodities or cash on a voluntary basis. Cash is used by WFP to pay for transportation, handling and other costs; any remaining monies are used to purchase additional foods (mostly from developing countries with surpluses) and contribute them to other countries in need.

Program Objectives and Operations

The major objective of the program is to supply food for projects promoting social and economic development in recipient countries. Four types of projects are aided:

(1) human resources development, such as child feeding and school lunch programs; (2) infrastructure development, such as irrigation and road projects, in which part of the workers' earnings are paid in food; (3) production development projects, such as the supply of feed grain to support livestock and poultry industries; and (4) resettlement programs to help displaced groups make a new start on land made available to them, until their first crops are harvested.

Settling people on new land is difficult, and WFP has furthered this effort in a number of countries. In the Sudan, 115,000 were resettled, including 45,000 transferred from the area of the Aswan Dam in Egypt and 70,000 nomads; in Malaysia, more than 147,000 people were aided in resettlement projects associated with new rubber-and palm-growing operations. Similarly, WFP projects provided food while smaller farmers in El Salvador and Costa Rica tried improved farming practices; the food aid assured them and their families that they would not go hungry while they took the new, uncertain measures. In the hills of Jordan, terracing to restrain soil erosion was possible because food aid provided part of the pay for the labor required.

Feeding programs for children and related human resource development projects constitute the largest element of WFP activities. Typical of these projects are the following. In Colombia, the program has committed more than \$43 million over 5 years for nutrition education and supplementary feeding of groups most vulnerable to diet deficiencies, such as the very young, the aged, and pregnant women; in Brazil's Sao Francisco Valley, free lunches were given to children to improve nutrition and promote school attendance; and in Lesotho and Botswana, practically the entire school population has been receiving WFP assistance.

Another large element in the program consists of paying workers with food as part of their earnings. In recent years, more than a million people in Bangladesh were engaged in food-for-work projects. Roads, housing, wells, and irrigation works are types of projects in which food assistance has been an important component.

Table 11—Pledging targets and contributions to WFP 1973–83¹

Pledging period	Pledging target	Resources pledged				Percent of target
		Commodities	Cash	Services	Total	
<i>Million dollars</i>						
1973–74	340	268.2	53.1	38.4	359.7	106
1975–76	440	485.8	146.0	24.3	656.1	149
1977–78	750	542.9	148.3	34.0	725.2	97
1979–80	950	585.1	182.4	34.0	801.5	84
1981–82	1,000	492.8	174.5	50.0	717.3	72
1983–84	1,200	N.A.	N.A.	N.A.	978.0 ²	81

¹ Pledges made available for the period 1973–82 and pledging targets announced for 1983–84.

² Actual pledges received from countries as reported to the CFA in October, 1983.

WFP also assists in supplying food during emergencies. The WFP is one of the international agencies providing assistance to refugees from the continuing drought in Sahelian Africa and Ethiopia.¹ Many refugee situations are of an emergency nature caused by wars and civil strife. Refugee populations have increased greatly in recent years, affecting large numbers in Ethiopia, Somalia, Cambodia, Thailand, and Pakistan. The WFP has given food assistance to refugees in temporary camps and in settlement areas. Between 1974 and 1982 there were some 40 such emergencies, involving millions of people and requiring urgent food aid efforts. Over \$2.3 million in food aid went to Chad for the relief of people affected by drought and civil disturbances; the allocation included a subsidy of \$200,000 toward the cost of transport, storage, and handling in the country. In recent years WFP assistance was critical to avoid starvation of Cambodians and Afghans displaced by military actions in their countries.

There have been several important trends in the direction of food aid during the decade 1973-83. The amount of food aid, as a proportion of total official development assistance (ODA), has remained constant during the period, but the proportion of food aid moving through multilateral channels (mostly WFP) has increased significantly, going from about 16 percent in 1973-74 to about 22 percent in the most recent years. A relatively few major cereal exporters provide over 90 percent of food aid. The United States alone provides about 59 percent—through bilateral as well as multilateral channels. The U.S. contribution has leveled in recent years to about 5.3 million tons, significantly more than the amount it has pledged under the Food Aid Convention (FAC).

WFP operations are complex, involving large amounts of ocean transportation and internal transport. When food needs are urgent it may be necessary to move nearby supplies scheduled for a longer term project to meet immediate needs and then refill later for project purposes. In recent years, WFP has sought to buy some of its foodstuffs from developing countries with surpluses—where transport costs to a recipient country would thereby be reduced and time saved. For this purpose as well as overall program administration, WFP has sought contributions in cash as well as commodities.

Food Aid for Development

The WFP has increasingly recognized food aid as a resource for furthering development in low-income countries. Hence, the need for food aid is seen as a continuing one and an integral part of external development assistance. The mechanisms for using food aid for development purposes are increasingly varied. Development aspects are clear when food aid provides sustenance for laborers on irrigation or road building projects. But other uses also have development implications; for example, food is being used to encourage people who are beyond their school years to attend classes for reading and writing; food aid may also contribute to public policies on food availabilities for the very poor and in both cases human productive capability is improved. In some instances, food aid may help overcome a balance of payments problem or help in debt servicing by reducing the outlays for importing foods. In such cases, food may be designed as program aid rather than in the form of discrete projects and aid in this form

¹ "The World Food Program—A U.N. Success Story," a report prepared by Frank Shefrin for the WFP, October 1979.

needs to be carefully designed in terms of overall development assistance and country strategies.

In the context of food as a development resource, WFP has begun utilizing project cycles as a basis for its allocations of food. The cycle includes: establishing country-by-country development priorities in relation to the use of project food aid; project identification and preparation (usually in concert with requesting governments); project monitoring and evaluation. The two questions uppermost in deciding on food aid projects are: First, is the proposed project sound? This includes a determination that the project is consistent with the humanitarian or development objectives of the country. Second, is it appropriate to use food as part of a resource package to support the project?

To ensure the appropriateness of food as part of a development package, WFP has recently begun country food aid planning reviews. WFP is establishing the basis for longer term multi-year food allocations within country strategies and development frameworks.

In a seminar at the Hague in October 1983, commemorating 20 years of food aid under WFP, there was substantial agreement that food aid could be used to help recipient countries make policy changes supportive of longer-term development. Of special importance was the possibility that food aid could contribute to more equitable economic growth by giving more people employment and improving food consumption. The contribution of adequate diets to better health and productivity has been recognized. The WFP Secretariat notes, in a paper for the Hague meeting, that such uses of food aid would require multi-year commitments otherwise new policies based on receipt of food aid would likely fail. WFP also observed that, to be effective as a development resource, food aid should not be isolated from other elements of a development assistance package. (In many USAID missions where countries are recipients of P.L. 480 aid, the food aid has usually been made part of a package in a country's programs.) A broader development perspective on the part of all donor and recipient countries was suggested by the WFP Secretariat during meetings at the Hague.

Program and Project Evaluation

As part of the documentation prepared for its governing body, CFA,² the WFP Secretariat provides reports on proposed projects, interim progress reports on those that are continuing from earlier years, and evaluation on projects that are completed. These reports are useful in appraising individual projects and, on a cumulative basis, the overall performance of WFP.

Progress reports and interim evaluations are generally issued once every 2 years for each continuing project. Information is provided by WFP officers in the field and recipient governments. FAO and other UN contributing agencies may also be involved. The contents and coverage vary with the terms of the WFP/recipient agreement. The evaluations usually cover such matters as plans for carrying out commodity distributions, possibilities of market displacement, and an estimate of the situation once the WFP project is concluded. Interim evaluations are often used in considering project extensions. Evaluation documents often do not fully cover a program's impact on

²Committee on Food Aid Policies and Programs.

producers or consumers and the overall development that might be attributed to the project.

Final reports are likely to include discussions on the general success or failings of a project and the lessons that might be learned. These reports serve WFP management even more than the CFA as a basis for better project design, since most members of the governing body do not get involved in the design phase of WFP projects.

A major element in program evaluation is the criteria used by WFP in allocating food aid. While issues such as market displacement are considered, equity among recipients of donated food is also a major focus of attention. WFP has been placing a larger proportion of its commodities in countries categorized by the World Bank or UN agencies as "most needy." Almost 80 percent of food aid is now directed to low-income, food-deficit countries and the least developed among these receive about 30 percent. In recent years food aid accounted for almost 20 percent of the food supplies of low-income food deficit-countries, and about 45 percent of the least developed group. Sometimes food aid projects go to needy and vulnerable groups in middle-income countries. When this occurs, the question is raised whether those countries should not cover the food needs of such groups from internal resources.

Coordination of International Food Aid

WFP's governing body, the Intergovernmental Committee on Food Aid Policies and Programs (CFA), meets twice a year. The terms of reference and membership of this body were broadened in line with a recommendation of the World Food Conference and an action subsequently taken by the FAO Conference and the UN General Assembly. The CFA now consists of 30 member nations of the UN and FAO. Fifteen members are elected by the Economic and Social Council of the UN, and 15 by the FAO Council. Member nations are elected for 3-year terms and may be reelected. The United States has been a member of the WFP governing body from the beginning. The enlarged governing body was also given more responsibility for coordination of food aid—including bilateral programs.

Major donors that contribute food to WFP also carry on bilateral food aid programs; the EC governments also contribute to food aid efforts carried on through their common economic body. Hence, there is need for coordination of programs to ensure effective use of the food resources provided to recipient countries. Coordination at country levels is usually the responsibility of the recipient governments, but some assistance may be provided by the WFP, the UN representative, or a development agency operating locally.

As food aid is used increasingly as a development resource, coordination of a broader nature becomes important. WFP and its governing body are taking steps to link food aid resources with overall country development plans and national food strategies.

Two other institutional arrangements have important bearings on WFP operations: The International Emergency Food Reserve (IEFR) and the Food Aid Convention (FAC) of the International Wheat Council.

The IEFR had its origins in resolutions of the World Food Conference in 1974 and the International Undertaking on World Food Security of the same year. At the Seventh Special Session of the UN General Assembly in September 1975, a resolution was adopted more specifically referring to an emergency reserve stock of 500,000 tons to

be earmarked and placed at the disposal of WFP to strengthen its capacity to respond to emergency needs. The IEFER operates under WFP's administration, supplementing food pledged to WFP's regular operations. In recent years, the 500,000-ton target has been met by donor governments and IEFER has become a continuing mechanism for emergency food aid.

Although WFP is charged with administering the IEFER, it remains dependent on voluntary contributions by donor governments. In recent years since IEFER operations began, the level of predictability and continuity of its resources has been strengthened. However, almost half the commodities committed to IEFER are directed to particular recipients by the donor governments and only the remainder goes through WFP unrestricted.

In part, the assurance of IEFER resources is linked to the Food Aid Convention (FAC), an agreement among the traditional donor governments to provide wheat as food aid to needy countries. The FAC, originally part of the International Wheat Agreement of 1971, has been extended to mid-1983 and beyond, without linkage to a new international wheat agreement. The FAC is a binding instrument under which donors mutually pledge amounts of grain they will contribute to needy countries. The present FAC agreement amounts to 7.76 million tons with the U.S. share set at 4.47 million tons. Donors may contribute more and different foodstuffs than that covered by the FAC. The WFP Secretariat has felt that it needs a similar binding agreement to put the IEFER on a more predictable basis, but most donor governments, including the United States, have felt that another binding instrument might result in lower commitments to WFP.

The WFP began as an undertaking of the UN and the FAO. The Executive Director for the WFP is appointed to a 5-year term by the UN Secretary General and the FAO Director General. The program is administered from its headquarters in Rome. The WFP staff in Rome carries on the day-to-day operations of the program, including the review of applications for aid, the arrangement of shipments from donor countries where commodities are stored until required, and appraisal of results. The program's representative in a recipient country is the resident representative of the UNDP or the regional UN representative. WFP project advisers in the country are responsible to the UN officer. The WFP Executive Director submits progress reports to the Intergovernmental Committee on Food Aid Policies and Programs, which reports annually to the UN Economic and Social Council and to the FAO Council. They, in turn, report to the UN General Assembly and the FAO Conference, respectively. WFP's governing body and the Secretariat seek to avoid politicization of food aid projects and emergency food aid actions.

FAO provides many administrative services for WFP and the Director General is signatory to WFP emergency allocations of food aid. The WFP holds its pledging conferences at UN Headquarters in New York and the CFA has its meetings twice a year at FAO Headquarters. The WFP staff in Rome and in the field (stationed in recipient countries) handle the programming and operations associated with each project and grant of food aid.

Many WFP projects and emergency operations are carried on in cooperation with other UN agencies such as the UNICEF (International Childrens' Fund) and WHO (World Health Organization). Refugee and emergency food aid efforts are often carried on with ad hoc public aid agencies and nongovernmental relief organizations.

Celebrating its 20th year of service in October 1983, the World Food Program continues to evolve as an instrument for meeting the short-term needs of the hungry and malnourished, and the longrun development interests of all the people and countries concerned.

6. THE WORLD BANK GROUP

Background

The World Bank Group is comprised of three institutions: the International Bank for Reconstruction and Development (World Bank, or IBRD); the International Development Association (IDA); and the International Finance Corporation (IFC). They share the common purpose of providing and promoting a flow of capital into productive projects and programs into developing countries which are members; however, they function in different ways.

- The IBRD makes long-term loans at conventional interest rates; most of the projects it finances are large scale.
- IDA lends for much the same kinds of projects, but deals with countries not able to bear fully the burden of conventional loans; its credits are very long term and free of interest except for a small service charge.

For both IBRD and IDA, the criteria for making a loan or credit are the same. The project to be financed must make a significant contribution to the economy of the borrowing country. The loan or credit will normally help finance the foreign exchange costs of the project, although under certain circumstances IBRD/IDA funds may provide for local costs as well.

- The IFC is concerned principally with facilitating the flow of private capital for investment in private enterprise of developing member countries.

The general discussion in this chapter deals with operations of the IBRD and IDA; references to the World Bank refer to both these agencies, except as specifically noted, since IDA operations are simply a concessional loan adjunct of the Bank. IFC activities are discussed in a separate section of the chapter because its operations are for private capital investments and hence are different from World Bank loans—whether on regular or concessional terms.

Funding and Organization

The World Bank Group operates under the same board of governors and the same board of directors. The governors and executive directors on the two boards represent the member countries and have a voting power roughly proportional to the total value of shares in IBRD's capital stock to which the country has subscribed.

In June 1979, the Executive Directors of the Bank agreed that the World Bank's authorized capital stock should be increased by \$40 billion. The increase would

roughly double the Bank's capital stock and would allow Bank lending to continue to grow in real terms through the mid-1980's.

Operations of IBRD are financed by funds from subscribed capital, from borrowing on the world markets and from earnings which accrue from its operations and investments.

In January 1980, the IBRD's Board of Governors adopted a resolution providing for an increase in the authorized capital stock of the Bank by 331,000 shares, or about \$40,000 million. The resolution provides for a paid-in portion of 7.5 percent, compared with 10 percent paid-in portion of previously existing stock. Also, the Governors authorized an additional 33,500 shares (a further increase of \$4,000 million), which governments could subscribe to but which required no further amount to be paid in. On June 30, 1983, the authorized capital of the Bank stood at SDR 71.650 million or about \$73 billion. Major increases in capital stock subscriptions were made by the United States, Japan, China, Germany, F.R., Australia and the Netherlands. Kuwait and Algeria also made significant share increases.

During 1983, the World Bank made new loan commitments of over \$11 billion and the concessional lending by the International Development Association (IDA) reached over \$3.3 billion additionally. Brazil, Indonesia, and India were the largest borrowers from the Bank; and the largest commitments by IDA for 1983 went to India, Bangladesh, and Pakistan.

The IDA arm of the World Bank is financed differently to permit it to make loans on concessional terms to low-income developing countries. Funding for IDA is made up of subscriptions and contributions from member countries, transfers from IBRD's net income, and income derived from IDA's investments and lending operations. The Sixth Replenishment of the IDA was negotiated at SDR 9.15 billion (valued at about \$12 billion as of October 1979). Although planned for contributions to be made in fiscal 1981-83, legislative delays in the United States, and a lower level of appropriations for IDA 6 resulted in a 13-month delay, a reduced program level for 1982-84, and a delay in the start of negotiations for IDA 7. As discussions on those negotiations began in July 1982, the concern of Bank leadership and government representatives was to avoid a serious gap in IDA funding for FY 1984. Formal negotiations began in November 1982—but difficulties again arose as the United States sought to hold down overall IDA funding and reduce the U.S. share. The U.S. share has declined toward 25 percent: In IDA V the U.S. share was \$2.4 billion, or 31.04 percent; its share in IDA IV had been 33 percent and, in IDA III, 40 percent of the total.

As finally agreed, IDA 7 was set at \$9 billion, with the U.S. share of \$2.250 million, over a 3-year period, or 25 percent of IDA's total replenishment. This was lower than Bank officials and other principal donors had hoped would be possible.

The World Bank is organized along the lines indicated by figure 5. There are six regional offices, each headed by a Regional Vice President reporting to the Senior Vice President for operations. Regionalization of operations provides closer integration of the area and project activities, and establishes even more firmly that the development of individual countries is the basis on which the Bank's program is built.

In addition to the six regional offices, the World Bank organization includes the position of Vice President, Operations Policy (see figure 5). This Vice President also reports to the Senior Vice President for operations and is responsible for providing functional guidance and assistance to the regional offices. The units grouped under "operations policy" provide the support necessary to ensure Bank sectoral policies

throughout the regional offices. As of January 1984 the units reporting to this Vice President are: project policy, regional offices country policy, the Economic Development Institute, agriculture and rural development, education, transportation, water supply, urban development, and population, health, and nutrition. A new Vice President for Energy and Industry was established. The previous post of Vice President for Development Policy was recast as Vice President for Economics and Research.

Each regional office has one or two country program directors, and a director for projects. The projects director is responsible for four or five major sectors, such as agriculture, transportation, public utilities, and education. Within prescribed policy, each regional office has considerable operating autonomy, including responsibility for formulating the Bank's development assistance strategy in each of the countries in the region. The regional offices have the responsibility for planning and executing the Bank's lending and technical assistance programs in the individual member countries.

The regional Vice Presidents are also charged with ensuring that necessary economic and sector survey work is carried out effectively and that identification and preparation work on projects is completed as planned. They are also responsible for project appraisal missions—from staffing to reporting—and they are responsible for negotiations and loan administration on all projects undertaken in their respective regions.

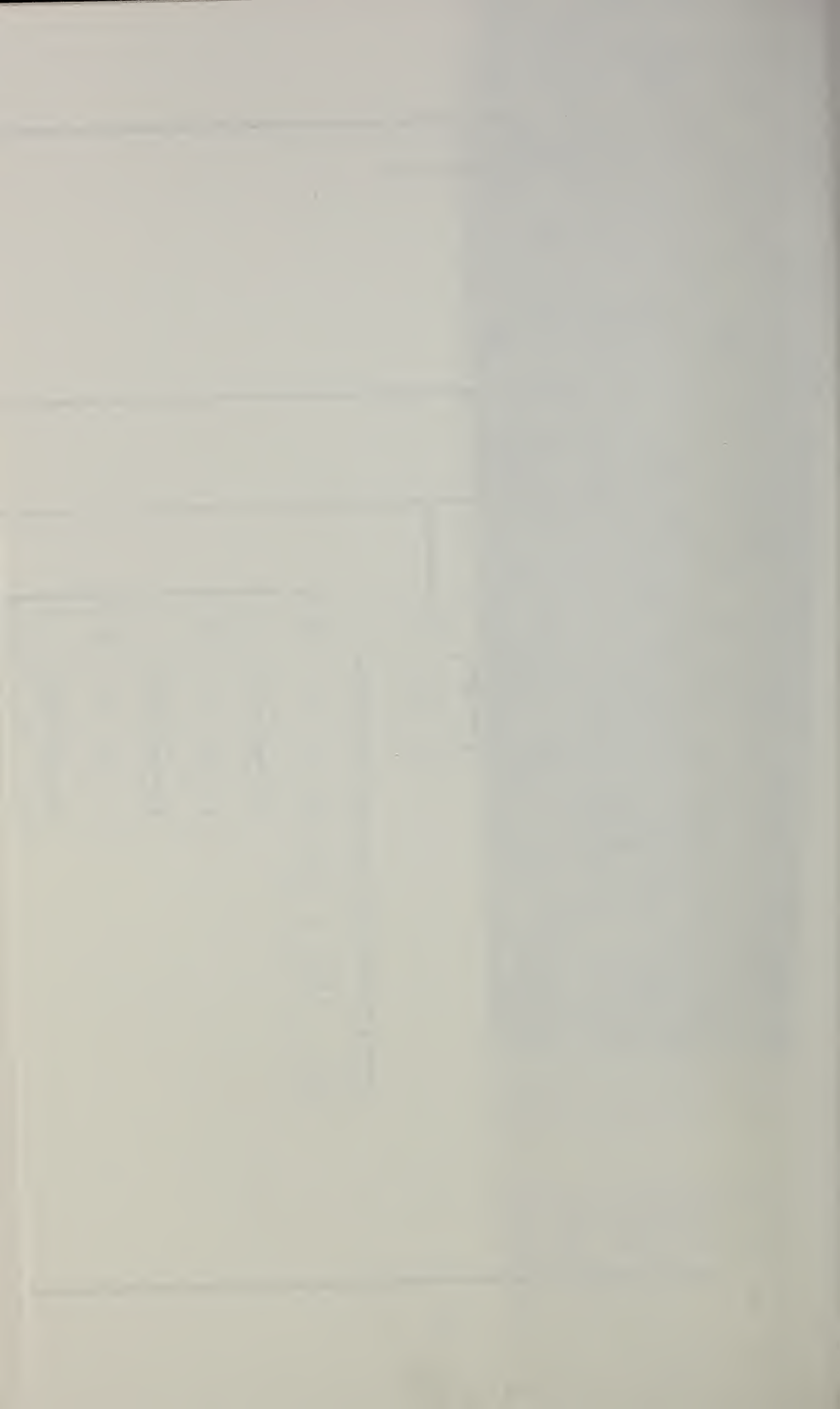
Steps in Project Preparation

The World Bank follows a systematic procedure in preparing projects for IBRD and IDA lending. Individual projects are considered within the Bank's general assistance to a country and its overall development plans. The five basic steps in the granting of a loan by the World Bank are:

- **Identification.** The IBRD uses three tests to identify a project that may be suitable for Bank financing. First, does the project have high priority in the country's overall development needs and will it have adequate local support? Second, is the project feasible in terms of cost and ultimate benefits? Third, is the project technically feasible and sound? Where loans are "repeater loans" which arise from currently financed Bank projects, these questions may be readily answered. The question of whether a loan will be on regular IBRD terms or on concessional IDA terms will depend on the country's economic situation and on the kind of project being financed.
- **Preparation.** The formal burden of project preparation is with the borrower. The work is very detailed and involves development of all the specifications and various considerations needed to present the loan for appraisal. If the government is not able to carry out all the work itself, it may hire a consulting firm or turn to other sources of aid. Sometimes this study is financed by the Bank with a grant or credit, but more often it will be done through UNDP/FAO cooperation.
- **Appraisal.** After the preinvestment surveys are completed, the World Bank appraises the project to decide if a loan should be granted. These studies are almost exclusively conducted by the Bank staff. Typically, appraisal will involve a review of the project from several perspectives:

The World Bank
Organization Chart, January 1984





(1) Technical features, such as the project design, site and material selections, and construction schedules;

(2) Economic features, such as the project's role in the sector and in the country's economy as a whole and detailed cost-benefit analysis;

(3) Commercial features, such as the adequacy of marketing channels for output of the project and the arrangements used to procure materials and equipment for the project;

(4) Financial features, concerning the availability of all resources required in addition to the loan for project implementation;

(5) Managerial features, which have to do with the capacity of management personnel to direct the project and the possible need for advisers and management consultant services; and

(6) Organizational features, concerning the administrative performance of the agency or enterprise carrying out the project, the need for organizational improvements, and staff training.

- Negotiations. Negotiations with potential borrowers after the acceptance of a loan project through the appraisal process can involve many issues. The Bank not only negotiates the specific terms surrounding a project but also negotiates other issues where necessary. The Bank may, before lending, request commitments on various questions such as staffing, future support, and commercial matters not tied solely to the specific project.

- Supervision. After negotiations are complete and the project is approved by its Board of Executive Directors, the Bank is obligated to monitor the operation. Project reports are requested on a regular basis and are analyzed by the staff. Periodically, Bank staff will visit each project under construction or implementation. The Bank does not usually supply technical assistance at this stage, although in Africa, the Bank and the government may agree on hiring project managers within the loan terms for the countries.

Technical Assistance and Project Preparation

There is a growing recognition of the importance of human resources in the effective deployment of capital assistance within developing countries. Consequently, the World Bank often provides technical assistance and training in connection with its loan.

While the World Bank is primarily a lending institution, it does provide lending aid for preinvestment studies under special circumstances. As a member of the UN family, however, it cooperates with the UNDP, which has a major role in providing technical assistance for preinvestment studies.

In addition, the Bank joins with other UN organizations in technical assistance missions for identification of projects. For instance, during 1979, the World Bank Cooperative Program with FAO prepared about one-third of all agricultural projects

financed by the Bank and carried out 169 missions in 48 countries. The level of this cooperative program has continued during the early 1980s. In 1983, the FAO prepared some 30 percent of IBRD's agricultural projects. The World Bank has other joint programs with other international agencies.

Technical assistance is part of virtually every loan or credit, either in the identification or preparation stages. In 1976, the Bank set up a new facility to help governments in project preparation. This facility is used primarily to assist poor countries with limited capabilities for project preparation and initial implementation of projects, especially in the agricultural, education, population, and urban sectors. The funds advanced will normally be refinanced by incorporation in the project loan at the time it is made (or repaid if no project loan is made.)

The World Bank also, through its program of country economic missions, provides useful economic data, which is part of its continuing cooperation with the countries. These missions are intended to help in the process of designing strategies for the various sectors of the countries' economies. Teams may include UNDP representatives and technical personnel from specialized agencies, when appropriate. Missions will go annually to the largest developing countries, and every 2 or 3 years to others. This program is designed to facilitate financing of agricultural and other development projects.

Program and Operations Evaluation

The World Bank has given considerable attention to program evaluation mechanisms. For projects, evaluation consists of regular reporting by borrowers, periodic field visits by Bank staff, regular middle-management reviews of progress in solving implementation problems, a semiannual review by senior management of the status of the serious problem projects, and an annual general discussion of problems in project implementation. Experience gathered through supervision is also periodically assembled and analyzed by the Operations Projects Staff which is responsible for reviewing, on a continuing basis, the Bank's functional policies and its programs in the sectors to which it lends.

The World Bank first established a unit for the express purpose of evaluating the "development-effectiveness" of its projects in September 1970. It was hoped that such a unit would help the Bank learn from its project experiences. The new unit was located in the Programming and Budgeting Department and was concerned with assessing the usefulness of individual projects and the impact of a group of related projects in particular countries.

In April 1973, the President of the World Bank added to the work of what was then the Operations and Evaluation Division systematic project performance audits on all financed projects. The new procedure introduced evaluation at the close of project disbursement, to permit a review of the effectiveness and efficiency of Bank operations in order to identify possible lessons to be learned from the project.

As part of the World Bank's continuing efforts to improve its own system, several other changes have been made. In 1974, the Operations and Evaluation Division was upgraded to department level. In 1976, the post of Director General for Evaluation was established; staff was provided from the old division. In addition to the departmental director and his chief evaluation officer, six senior evaluation officers direct the evaluation efforts in agriculture, utilities, transport, education and training, operational policy,

and development financing institutions. Reports submitted from that office go to the Executive Directors of the World Bank as well as to its management. This established a degree of independence from line authority within the Bank without removing it so far from management that the evaluations do not feed into the system for improving project formulation and implementation.¹

The Operations Evaluation Department (OED) reports annually to the Executive Directors, through the Director General for Evaluation who reports directly to the Bank's President and, independently to the Board of Executive Directors. Responsibility for assessing adequacy and efficiency of evaluation efforts is delegated to the Joint Audit Committee. The Joint Audit Committee reviews samples of OED reports, checking methodology and professionalism; it suggests policy issues to be recommended for consideration by the Board; it works out an annual budget; and it comments on OED's work in the annual report of the Audit Committee to the Executive Directors.

OED's project evaluation is increasingly based on project completion reports. These are done by the recipient government operating departments responsible for individual projects. They are not rigidly formal but rather try to assess the real issues. Questions are asked about costs, performance and economic returns, institutional development, and the efficiency of the Bank's work and the country's implementation of the project. Sometimes the Bank assists governments in this work. The OED reviews all project completion reports and does an indepth review of 10 to 20 percent of the projects. This constant information flow helps identify issues and procedures for which further evaluation and operational policy studies are needed.

Development Assistance in Agriculture

The World Bank's interest in agricultural development is almost as old as the Bank itself. But agricultural development was not as important a sector to the World Bank in its early years as it is now; the requirements of rebuilding the war torn world took precedence over development activities.

From 1963 to 1968, the total commitments for agriculture had risen to \$1.3 billion; i.e., in the 5 years to mid-1968, the World Bank Group had lent about as much for agriculture as in all the previous 17 years. Its target for agricultural projects for the 1969-73 period was \$2.4 billion and this was exceeded. The World Bank has allocated an increasing share of its total resources to the agricultural sector; in 1971, agriculture represented 17 percent of total World Bank commitments; in 1980, the proportion reached 33 percent and has receded somewhat since then.

In each of the past 3 years, IDA provided about \$1 billion to the agriculture sector, or almost 40 percent of its total commitments. A large part of the increases in agricultural loans is directed to rural development—efforts to improve conditions for

¹Now program policy evaluation takes place through several offices. The Development Policy Staff and the Central Projects Staff evaluate the Bank's economic and sector work. Historically, budgets have been reviewed by the Programming and Budgeting Department. The World Bank's organization is reviewed by the Organization Planning Department. The Auditing Department reviews accounting systems. Overall financial policies are evaluated by the Financial Staff. The Research Committee has begun systematic evaluation of research projects. The Economic Development Institute has its courses evaluated by participants and participating countries.

600 million people who have little or no land and who operate as subsistence farmers. The goal is to provide access to credit, higher yield inputs (fertilizer, seeds, pesticides, etc.), and education to help the rural poor make their farming more productive and remunerative.

Effective utilization of the increased investment being projected will require careful cooperative efforts by the World Bank and the countries involved, if traditional loan standards are to be maintained.

In the early years, a large share of the World Bank's agricultural lending went for irrigation and flood control projects. This emphasis has continued. Irrigation projects have proved particularly suitable for World Bank lending. They provide farmers with what is often their most important input—an assured or regulated supply of water. The capital costs of irrigation projects is usually high. Much of it requires purchases of machinery and equipment with foreign currencies such as U.S. dollars.

The World Bank program in agriculture has evolved in several important ways in recent years. First, investment is more diversified. While lending for irrigation is still a principal component, more loans and credit are going to land settlement, seed improvement, grain storage, livestock upgrading, forestry, fisheries, training, and extension work. Second, more support has been given to comprehensive sector analysis and overall agricultural development projects. Third, more loans have been made to investment credit institutions of member countries, strengthening their ability to extend credit as needed, particularly to smaller farmers seeking to utilize higher yield technology. The support is based on the realization that agricultural credit is vital for changes that touch most closely on the daily routine of the farmer. It can provide a large part of the resources required for the purchase of inputs such as fertilizer, as well as much of the capital required for investment on the farm itself. Agricultural credit is now the second largest category of the World Bank lending for agriculture.

Another area of emphasis is livestock development. Its importance is viewed in terms of protein development and agricultural diversification. The World Bank focuses on livestock development where some feed could come from crop residues and silages, and where feed grains could be grown efficiently. Emphasis has also been given to increasing fertilizer production in the developing countries. In recent years the Bank has also made loans to help governments institute new policies and make structural adjustments. In agriculture, such loans might be made to encourage greater diversification and shifts from overdependence on a few traditional export commodities.

The World Bank is concerned with processing, storage, distribution, marketing, and other agribusiness activities, but this has not been a major area of emphasis. The World Bank Group has made loans for fisheries in Taiwan, Ecuador, Ghana, Tunisia, Indonesia, and Panama; storage and marketing in the Philippines, Pakistan, and India; and a fruit and vegetable export project in Turkey. It has supported other agro-industrial projects by loans through local credit institutions and development banks.

A policy paper on rural development published by the World Bank in 1974 characterized its work in this area as focusing on rural poverty and bringing the mass of these people into the mainstream of the country's economic development as both producers and consumers. In recent years, the World Bank has given further emphasis to integrated small holder development. Work in this area is still evolving.

The trend in agricultural lending has been toward greater geographical diversification; the work now covers all parts of the world. In earlier years, most of the World Bank's agricultural lending was concentrated in a relatively small number of countries.

Pakistan and India (including the Indus Basin Development Scheme) headed the list. The others included Colombia, Brazil, Iran, Malaysia, Mexico, Morocco, Peru, and Thailand. China has now emerged as a major recipient. The World Bank now has some kind of agricultural work in progress in 85 countries. There were wide variations in the trends of agricultural loans between 1975 and 1979 for the different regions of the world, but in virtually all regions the level of commitments for agriculture has risen.

Concentration in less developed countries has meant greater project preparation costs. Permanent regional missions are in Nairobi and Abidjan, primarily to assist governments in East and West Africa to identify and prepare agricultural and transportation projects for IBRD and IDA loans. Elsewhere, notably in East Africa and parts of Latin American, the World Bank has employed on contract a number of project managers who have helped governments implement projects the World Bank is financing on regular and concessional terms.

During the Bank's FY 1983 lending, activities on both regular and concessional terms increased sharply over FY 1982. Part of the problem in 1982 had been uncertainty of resources for IDA and, in some situations, heavy indebtedness and costs of servicing debts made it difficult for some countries to meet the counterpart costs required in World Bank financed projects. During 1982-83, the World Bank responded to these and other serious problems which threatened to abort economic gains of the previous 5 to 6 years. The Bank moved up disbursements on some project loans to ease financial stringencies of recipient countries. In Africa, the Bank increased loans to Eastern African countries to help meet the crisis caused by continuing drought and crop failures; IDA financing, particularly in agriculture, was substantially increased.

The Bank also sought to link its loans to policy reforms in many developing countries; policy directions encouraged were for producer incentives and greater emphasis on consumption considerations.

In recent years, the Bank has increased the amount of technical assistance it provides, particularly for the most needy countries. The World Bank continued to provide training through its Economic Development Institute, which helped people from developing countries learn how to formulate financial projects in line with Bank funding requirements (see below). Also, IBRD continued its significant support to the international network of agricultural research institutions through the CGIAR (See pp. 00. But greatest increases were in providing technical assistance on policies and on operations associated with Bank projects.

Other Program Activities

Training

The Economic Development Institute (EDI) was established in 1955 by the World Bank to provide mid-career training in economic management for senior officials of developing countries. The scope of the training was subsequently expanded to cover problems and methods of identifying, preparing, appraising, and executing development projects. Training is now offered to government officials concerned with development programs and projects, as well as to those responsible for training activities in developing countries.

EDI courses and seminars, mostly organized on a sectoral basis, are usually 6 to 10 weeks long, and seminars about 1 to 3 weeks. They may be given in Washington, D.C., or in developing member countries of the Bank with the assistance or cosponsorship of local institutions or other international organizations. In fiscal year 1983, EDI provided training for more than 1,500 participants. In addition, EDI helps training institutions in developing countries in various ways, such as support in teaching staff, advice on curriculum design and course administration, and provision of training materials.

EDI has a full-time teaching staff and it draws on the knowledge and experience that the World Bank has accumulated in development projects by inviting Bank staff in other departments to conduct course sessions. Specialists from government agencies, universities, private concerns, and other international organizations are also invited to lead sessions related to their fields.

During 1983, and following a recent report on the future of EDI, emphasis shifted to "training of trainers" and to strengthening indigenous institutions in developing countries. Also, more emphasis is being given to the training needs of individuals and institutions from sub-Saharan Africa. EDI also plans to hold more high-level policy seminars dealing with general and sectoral development.

Courses and seminars concerned with the agricultural sector include those on rural development, rural credit, agro-industry, livestock development, and the management of rural development and agricultural projects. These courses introduce project analysis as a method of determining the best use of capital funds for agricultural development. They deal with the special characteristics of the agricultural sector; prospects for demand and supply of the main commodities; technological possibilities for expanding production; the role of marketing, price incentives and credit; and land tenure arrangements. Among the major elements covered are: (1) analyses of rates of return on investments in agriculture; (2) analyses of particular types of projects, such as irrigation, agricultural credit, rural development, livestock, processing, and marketing; (3) identification and preparation of projects appropriate for consideration by national officials and by international lending agencies; and (4) the development process in agriculture and the place of agriculture within the national economy.

The courses and seminars emphasize practical questions and the application of techniques to answer them. Participants spend much of their time solving problems and working through case studies, and may also go on short field workshops to try out in real-life situations the techniques they learn in the class sessions.

Participants for sessions in the agriculture sector are usually chosen from departments responsible for preparing or reviewing project analyses within ministries of agriculture, central planning groups, or agencies and training institutions concerned with rural development.

Economics Research Activities

The World Bank's economic research activities have two principal aims: to establish a conceptual and factual basis for policy, and to provide general support to operations in a given sector. Emphasis has been placed on the policy content of economics research. Thus the research can be used directly in Bank projects and lending operations as well as in providing policy advice to member country officials. The work is headed by a Bank Vice President for Economics and Research who has responsibility for

developing and guiding the Bank-wide research program. Moreover, each of the regional vice presidents has a chief economist as part of his immediate staff to relate economic analyses more directly to country programs and project appraisals.

Research support for the World Bank's activities in agriculture and rural development takes many forms: behavioral studies of the small farm sector, inquiries into specific aspects of rural change such as land reform and mechanization, and exploration of the potential for increasing food production and improving storage.

Investment decisions in agriculture are treated in research that utilizes regional programming models to determine what effect investment in improved production methods has on output, prices, and foreign trade. Current work entails quantitative analysis of the welfare position of small farmers, sharecroppers, squatters, and hired labor using extended versions of models like those developed in cooperation with the government of Mexico. The extensions involved careful specification of land tenure relationships. A recent research project assembled information on the management and organization of selected irrigation projects, and developed criteria for monitoring and evaluating irrigation projects, based partly on detailed study of a project in India. The research operation, as reorganized in 1983, gives greater emphasis to research activities that have a direct and immediate payoff in terms of the Bank's daily operational needs. The reorganization is intended to improve the Bank's capacity to give policy advice to member governments and also to strengthen their own economic research capability. Research will also be aimed at helping member governments better cope with economic instability and changes taking place in the world economy.

Additional studies concentrate on providing support to World Bank project work in specific areas. The Agriculture and Rural Development Department designed a computer program to process crop and farm budgets, as well as area and project budgets in model form, and produce cash flows using financial and economic data, and shadow prices. Other research deals with a review of the nonfarm rural economy; and the role of small industries in the productive activity of rural and urban areas.

Much agricultural economics research relevant to World Bank programs is underway throughout the world, and considerable attention is devoted within the Bank to reviewing and interpreting studies conducted elsewhere. This is an increasingly important source of new ideas for development policy. Much of this kind of material is brought together for use in the Bank's new annual publication, World Development Report. All centrally funded research projects in progress are described in another annual publication, *Abstracts of Current Studies: The World Bank Research Program*.

International Finance Corporation

The International Finance Corporation (IFC) formally came into existence as an affiliate of the World Bank Group in July 1956, commenced operations shortly thereafter, and made its first loan in mid-1957. The 31 countries who were founding members of the IFC, provided a total capital subscription of \$78.4 million. By 1979, its membership had grown to 109 countries with total subscribed capital of \$415 million and a surplus of an additional \$119 million. For additional resources, IFC can borrow from the World Bank up to four times its unimpaired capital—a limit of \$1,391 million as of June 30, 1979.

There has been increasing interest in encouraging the private sector in developing countries and the flow of equity capital in private sector or quasi-private enterprises. The IFC is now seeking an increase in its capital to \$750 million as part of the investment proposal for FY 1985-89 submitted to the Corporation's Board.

In 1983, the IFC approved investments of \$844 million, up from \$612 million the previous year. The 58 projects approved have an aggregate cost of \$2.9 billion. Almost 40 percent, of the projects were in countries with per capita annual incomes of less than \$731.

Although a separately incorporated affiliate of the World Bank, the Bank's Board of Executive Directors and to a large extent its Board of Governors act in the same capacities for IFC as most of the same governments are shareholders in both organizations. The World Bank's President currently serves as Chairman of the IFC Board of Directors and as President of the Corporation. Both its staff and financial structure are separate and distinct from those of the World Bank although the two organizations share some common administrative services.

IFC attempts to further economic development by promoting private investment in its developing member countries. It is unique among international development institutions in that it operates without a government guarantee on its loans and it purchases equity participations, that is, it may own stock in the enterprises it helps finance. IFC stimulates the flow of private capital into productive investments by bringing together investment opportunities, domestic and foreign private capital, and experienced management. IFC will make an investment only where sufficient private capital cannot be obtained by private enterprise on reasonable terms and where the investment will make a useful contribution to the development of the economy of the member country in which it is made. The investment must also have the prospect of being profitable.

Reflecting the differing needs and circumstances of its member countries, IFC supports projects varying from purely private to mixed public/private ventures and even to wholly owned government enterprises where they act as channels for assistance to the private sector. Each case is examined in the light of such factors as the extent of government ownership and control, the nature of the enterprise, and the efficiency of its management.

The IFC also functions as a neutral intermediary between private enterprise and the governments of developing countries. Its basic interest is in economic development and its clients are companies and financial institutions in the private sector. It is concerned that public and private interests balance each other and that the Corporation has earned a reputation for fairness.

It has become increasingly engaged in technical assistance in the area of private development investment banks and capital markets. Eight investments were made in this area in 1979. These were widely dispersed geographically—Botswana, Jordan, Korea, Malawi, Oman, Panama, and Thailand—and were to several types of institutions: development finance companies, industrial leasing companies, a securities company, a money market company and an export finance institution. Technical assistance was provided to governments and private groups in 13 countries in 1979.

The presence of the IFC in an investment has been, in many cases, a determining factor in the decision of investors in capital exporting countries to participate in projects in developing countries.

The Corporation has had a significant multiplier effect—over the years generating more than \$4 of other investment for every \$1 of its own in the projects in which it has participated. Since its inception, the Corporation has been associated with about \$15 billion of investments and has assisted in financing some 400 enterprises in 80 developing countries. IFC participates either in new enterprises or expansions. It has a current diversified portfolio of over 250 companies. Investment losses have been less than 1 percent of its total cumulative commitments.

IFC always acts as a minority partner and does not seek a significant role in management. Its contribution in all forms is generally less than 25 percent of an investment.

As a general rule, IFC works in conjunction with local partners. It may or may not be associated with a multinational firm. One of its long-term policies is to increase local ownership, and 76 percent of the holdings that it has sold have been to domestic investors. The FY 1979 projects represent a variety of ownership: 22 were wholly owned private enterprises, 22 were mixed public/private enterprises, 2—both financial institutions—were wholly government owned, and 2 were joint ventures. In 57 percent of the ventures there was some element of foreign participation.

The IFC has set upper and lower limits on the size of its total participation in individual companies. The upper limit is based on the rule of thumb that not more than 10 percent of its capital and reserves should be invested in any single enterprise. At the lower end, \$1 million is the usual limit because of the cost of loan processing. However, IFC has considered investments below that limit, especially in its least developed member countries.

While World Bank loans under its regular terms are for 20 years at interest rates that are less than those of commercial banks, IFC loans are close to commercial terms of 7 to 12 years and interest is based on its own cost of funds and comparable loans in the commercial market.

In an examination of IFC's cumulative investments by area, Latin America/Caribbean has the largest share with 31 percent, followed by Africa, 26 percent; Asia, 25 percent; and Europe and Middle East, 18 percent. IFC operations tended originally to gravitate toward middle-income LDCs where industrialization is well underway and there is a business class with some wealth of its own to invest—but in recent years it has shifted more resources to poorer countries.

Investment in agribusiness enterprises has been about 7 percent of IFC's dollar volume of investments. In addition, investments in fertilizer projects have accounted for \$142 million. In 1979, 19 percent of all approved projects were for agribusiness and fertilizers. In 1983 the proportion for agribusiness projects was over 25 percent of approved projects. The IFC has built a pipeline of agribusiness projects by actively seeking investment opportunities in line with an increased emphasis on meeting world food needs and the need in many countries to modernize their food systems. IFC has made equity investments in poultry production and processing and is exploring possibilities for fish farming.

* * * *

The World Bank is by far the largest development assistance agency and provides leadership in many facets of this work; it often seeks to bring donors and recipient countries together on broad problems of mutual concern. A focal point of this

effort has been the Development Committee (formally called the Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund) composed of 20 Minister-of-finance-level representatives from member nations. The Committee was established in 1974 and continued since as a sounding board on issues and as a source of ideas for IBRD and IMF to deal with development finance problems. The President of the World Bank makes an annual report to the Committee (as well as to his own Board of Governors and Executive Directors) outlining development issues affecting Bank operations to which they might give attention. The President's draft report to the Development Committee, in April 1984 provides a useful summary of the world economic situation from the President's perspective. Introducing the Report, IBRD's President writes:

- “. . . on the global economic situation, emphasis is placed on the continued difficult circumstances faced by many developing countries in part due to the recent decline in capital flows bringing to an end a trend that had resulted in substantial increases in the previous ten years. ” -

- “A special section on Sub-Sahara Africa points to the extensive deterioration in the physical infrastructure and the poverty situation that has already occurred. It emphasizes the need for action by both African Governments and the international community to arrest this trend.”

- “The current IDA 7 situation with its lower than expected replenishment level will have an adverse impact not only in the poor countries of Africa but on all low income nations.”

- “The link between trade and development is critical . . .” in the ultimate analysis, it is only with an increase in export earnings that the Third World will be able to meet the bulk of its need for development resources . . . obstacles exist in this way for expanding world exports and . . . their removal should begin to receive the urgent attention of all governments and the international institutions that represent them.”

7. INTER-AMERICAN DEVELOPMENT BANK¹

Background

The idea of a regional bank for Latin America originated in 1889 at the First International Conference of American States. IDB finally came into being in 1959 with the full support of the United States.

Although IDB is an independent organization, its establishment was negotiated within the framework of the Organization of American States (OAS). Negotiations were completed and an agreement was signed in December 1959. Nineteen Latin American countries and the United States became charter members. Several Caribbean countries joined later. Originally, membership was restricted to members of the OAS. In 1972, the Articles of Agreement were amended to admit Canada, bringing total Western Hemisphere membership to 25 countries. In 1975, a further amendment was approved to admit a group of nonregional countries as IDB members—seven European countries, Japan, and Israel. Other European countries have since joined the IDB bringing non-regional membership to 16.

The IDB is one of the most important financial institutions in Latin America. Its purpose is “to contribute to the acceleration of the process of economic and social development of the region’s developing member countries, individually and collectively.” The IDB seeks to stimulate public and private investment in development programs and projects, mobilize funds for development loans and related purposes, assist its member countries in orienting their programs for greatest effectiveness, and provide technical assistance as required.

The IDB operates through two “windows”: (1) its regular loans which carry interest rates just above the Bank’s own cost of borrowings; (2) its concessional loans from the Fund for Special Operations (FSO) which are made for social development projects (including rural development) and to poorer countries of the region. These concessional loans carry interest rates of 2-4 percent and repayment periods of 20 to 40 years. The IDB also extends grants or credits for technical assistance associated with project loans or for special purposes like support for international research centers in the region.

The agriculture and rural development sector has long been a high priority for the Bank and the region’s borrowers. But, during 1982 and 1983, funding for the sector fell sharply.

For 1983, new commitments for agricultural projects totaled \$489 million and in 1982, \$415 million; in both years the amounts were about 15.5 percent of total lending. This compares to average lending levels to the sector for the 3 preceding years

¹*Much of the material in this section is drawn from the IDB publication, Inter-American Development Bank, Structure, Resources, Operations, July 1972; the IDB publication, Fifteen Years of Activities, 1960-74, March 1975; and the Annual Reports of the Bank for 1979, 1982, and 1983.*

of \$675 million or about 24 percent of total loans. Several reasons are cited for the decline in direct lending for agriculture in 1982-83. The general economic recession which affected much of the world and drove down agricultural commodity prices and exports. This caused questions to be raised about further investments for agriculture. Also, many Latin American countries had great difficulty in servicing their large outstanding debts and hence were cautious about taking on new debts and agreeing to counterpart financing usually required in IDB loans.

Organization and Operations

Authority for IDB policy is vested in a Board of Governors representing the member countries, and voting on the Board is proportionate to the number of shares of stock held. Under the terms of a recently negotiated sixth general increase in resources, the U.S. subscription in December 1983 was approximately 35 percent of Bank resources. This compared with about 10.5 percent for Argentina, 12 percent for Brazil, 7.8 percent for Mexico, and 5.7 percent for Venezuela. The combined 16 nonregional countries have 6.9 percent of the Bank's shares.

The Board of Governors elects the President of the Bank who serves as chief operating officer and delegates power for Bank operations to the Board of Executive Directors. The Board of Directors has 12 members; 8 are elected by the Latin American members of the Board of Governors, 1 is appointed by the United States, 1 elected by Canada, and 2 elected by the group of nonregional members. The Executive Directors serve for 3-year terms and may be reappointed. The President of the Bank serves as Chairman of the Board of Executive Directors, who are headquartered with the IDB and function continuously, meeting as a Board of Directors as frequently as business requires. The President of the Bank serves for a 5-year term and may be reelected.

The principal operating divisions of the IDB are as follows: the Operations Department, which is divided into geographic regions; the Project Analysis Department, which includes a Division of Agricultural Development; the Department of Economic and Social Development, which has three major divisions, one for economic and social studies, another for technical cooperation and training, and a third for economic integration; the Finance Department; the Administrative Department; the Legal Department; the Plans and Programs Department; and the Secretariat Department. The Executive Office of the President includes an Executive Vice President, a Controller, and an External Relations Advisor.

The IDB has a dual and mutually reinforcing system of operations evaluation. One is an external system which operates under the Office of External Review and reports directly to the Board of Directors. The other is an internal system which reports to the management, but is independent of the Bank's operating units. The internal unit is under the Office of the Controller and that office has responsibilities for overseeing the implementation of decisions and recommendations produced by both evaluation systems.

The Bank began a formal system of program evaluation in 1974 with the establishment of an Office of Impact Evaluation within the Office of the Controller. The new office focused its efforts on in-depth social and economic evaluations of completed Bank projects. In 1977, a new unit was established, the Operations Evaluation Office

(OEO) to provide a central focal point for all evaluation efforts carried on by the Bank. This system has been in operation with little change since then.

Authorized Capital Resources

Financial resources of the IDB include the authorized capital which consists of its Ordinary Capital (OC), Inter-regional Capital (IC), and its Fund for Special Operations (FSO).

The amount of capital authorized for subscription has been increased from time to time during the Bank's 20 years of operation, permitting an expanding volume of financing and other activities. In 1980, the member countries put into effect the Fifth Replenishment of resources to cover the period 1980-82, raising the authorized capital by \$8 billion. Of the new money authorized, \$600 million was paid in; the balance was callable capital—to be made available only if needed. An additional \$1.75 billion was placed in the Fund for Special Operations for concessional lending.

During 1983, the Sixth Replenishment was concluded with a \$15.7 billion increase in the Bank's resources, \$15 billion in capital stock and \$703 million in the Fund for Special Operations. The target sought is \$13 billion in loans for the period 1983-86 compared to some \$9.6 billion during the preceding 4 years. Among the guidelines the Board set for lending during 1979-82 were: a larger proportion of loans was to go to the lower income countries of the region; on a sectoral basis, lending for rural development was to be 30-35 percent and for energy development, 20-25 percent. The Bank fell short on rural development lending targets in 1982 and 1983. For the new replenishment, increased support for the private sector was added to the Bank guidelines. Consideration is being given to the establishment of a new Inter-American Investment Corporation which would operate separately from the Bank to purchase shares of convertible debt instruments in local private enterprises.

An intermediate financing facility was established which will be used to defray up to 5 percent per annum of the interest charges paid by borrowers. This new facility is being funded with \$61 million from the FSO's general reserve and \$15.5 million in convertible currencies annually from the Fund's net income.

In order to better meet the mandate of the Sixth Replenishment's larger resources for rural development, the Bank strengthened the capabilities of field offices in borrowing countries. Previously they had focused on monitoring the execution of approved loans; now they were charged to participate actively in identifying and preparing projects for consideration by Bank authorities.

The callable portion of the subscriptions agreed to by the United States and other countries with convertible currencies (such as Canada, Venezuela, and the non-regional countries) provide IDB with the means for raising capital in private money markets to augment the resources available for the Bank's lending program. Most of the money has been borrowed by selling bonds in the U.S. commercial market at relatively low interest rates, since the bonds are guaranteed by the credit of the United States and other member governments. The bank has also made agreements with nonmember countries for funding operations, principally by issuing bonds for sale in those countries.

By 1983, the Bank's ordinary capital subscriptions stood at \$13.6 billion, of which \$7.8 billion was inter-regional capital. In recent years, a major portion of IDB's borrowings for its regular lending operations was obtained in the money markets of

nonregional members like Germany and Japan as well by offerings in U.S. money markets.

Fund for Special Operations and Trust Funds

The Fund for Special Operations (FSO) consists of contributions by member countries which permit the IDB to finance projects at very concessional terms. Operations and accounting of the FSO are kept separate from those of capital resources. Members' contributions to the Fund are proportional to their participation in IDB's capital subscription. The Fund's authorized resources have been increased on several occasions to meet growing needs for concessional financing by Latin American members: In 1970, the equivalent of \$1.5 billion was contributed; and for the fifth replenishment, for the period 1979-82, an increase of \$1.75 billion was contributed to FSO. Cumulatively, FSO concessional lending exceeded \$8.8 billion by 1983. Repayments of loans, interest, and other earnings from the Fund are available for new concessional loans.

Many of IDB's agricultural and rural development loans are financed from the FSO. Interest rates for FSO loans to the more developed countries such as Argentina, Brazil, Mexico, and Venezuela are 3 to 4 percent (for projects which have a predominantly social purpose, such as efforts to further agricultural cooperatives). The interest rate for other countries is only 1 or 2 percent for FSO loans. A commitment fee of one-half of 1 percent per annum on the undisbursed portion of the loan is charged in addition to interest.

Under certain circumstances, a service charge of three-fourths of 1 percent is also charged. Since 1973, all FSO loans have been repayable in the currency lent, or other convertible currencies. Loans have different grace periods and periods of amortization, depending upon the borrowing country's level of development. These vary from a maximum grace period of 5 years and a maximum amortization period of 25 years for the more developed countries, to 10 years and 40 years, respectively, for the less developed countries.

The average FSO loan for the more developed countries covers about one-half of the project cost, while for the less developed group it may reach up to 90 percent of project costs, the remainder being made up by the recipient country in its own currency. This policy, promulgated in 1972, provides preferential treatment to the region's economically less developed countries.

Another kind of concessional resource available for IDB operations is money administered under trust arrangements with specific stipulations covering the use of such funds. The Social Progress Trust Fund (SPTF) came into being under an agreement between the United States and IDB in 1961. This fund was augmented in 1964, bringing the total resources available to \$525 million. The SPTF was used to finance, on concessional terms, projects designed to strengthen local institutions, thereby encouraging the use of additional Latin American funds for social improvements.

Original dollar resources of the Fund have all been committed in loans. However, the Bank is utilizing repayments on Trust Fund loans for additional loans, as well as to purchase participation in loans by the Fund for Special Operations made for the same purposes. Another substantial portion of these resources is being devoted to technical cooperation programs.

The Bank entered into an agreement with the government of Canada, prior to that nation's entry into the Bank, to administer a concessional lending fund for development programs in Latin America. A similar arrangement was concluded with Venezuela and other funds have been established by Argentina, the Federal Republic of Germany, Sweden, Switzerland, the United Kingdom, the Vatican, and the Inter-Governmental Committee for European Migration to augment IDB's financial resources.

Assistance for Agricultural Development

Recent Bank lending and technical cooperation activities reflect the program guidelines approved for the period of the Fifth Replenishment (1979-82). But the Bank was unable to sustain the planned level of loans for the rural sector through the early 1980's. Years of high lending in agriculture have tended to be followed by years of reduced programs, but the 10-year trend has been upward in absolute amounts. It remained high as a percentage of total IDB program lending until 1982-83 (see table 12).

The environment for increased agricultural lending deteriorated in 1982-83 as part of the worldwide recession, adverse terms of trade, and the heavy indebtedness of many Latin American countries. In 1982, the value of Latin America's agricultural exports declined by 10 percent, although volume remained at 1981 levels. More lending went to projects for energy and industry as governments sought to improve their balance of payments. (See table 13.)

Although the largest single category of funding in the agricultural sector is for irrigation to improve and increase the acreage available for cropping, in recent years the Bank has diversified its project loans into new areas. Loans have been made to agricultural credit institutions for lending to small farmers. Resources for animal and plant disease control have also increased. Loans have been extended as part of a determined effort to eradicate foot and mouth disease, brucellosis, and African swine fever. Programs designed to improve child nutrition have also been initiated. Major loans were extended in 1979 for reconstruction in Nicaragua and the Dominican Republic, with special emphasis on agriculture, in the wake of devastating civil strife and hurricanes.

Table 12—Agricultural project loans as share of total loans, Inter-American Development Bank, 1974-83

Two-year averages	Agricultural loans	Share of total loans
	<i>Million dollars</i>	<i>Percent</i>
1974-75	280	22.5
1976-77	389	28.5
1978-79	516	31.0
1980-81	657	29.0
1982-83	450	15.5

Source: Internal IDB documents, especially Annual Report, 1975, issued May 1976; Annual Report, 1979, issued in May, 1980; and Annual Report of 1983.

During 1983, agricultural credit for smaller farmers, and projects to improve the livestock industry were major areas of IDB/FSO attention.

The Bank's loans pay only about one-quarter of the cost of the development projects being carried out by its Latin American member countries with the Bank's support. Thus, the \$25 billion in loans which the Bank has approved through the end of 1983 are helping to finance development projects totaling more than \$90 billion.

In recent years, IDB has supported the agricultural research activities of three major international centers in Latin America which are part of the worldwide CGIAR system. This grant money has also gone to strengthen outreach programs of the research centers in Colombia, Mexico, and Peru. In addition, the IDB has undertaken preinvestment surveys of agricultural research capabilities in other member countries, with a view toward strengthening national agricultural research institutions. IDB helped to finance a major network of research institutions in Brazil.

Progress in production has raised problems of marketing agricultural commodities; consequently, marketing considerations are becoming increasingly important elements of each loan. The IDB is seeking to work with member countries identifying needs and opportunities to make loans dealing with integrated marketing processes. In 1983, the Bank began a new program of assistance to agribusiness and the private sector, including participation in equity holdings.

Technical Cooperation and Training

The Inter-American Development Bank provides resources for technical assistance for the preparation and implementation of financial projects. Most of the technical

Table 13—IDB lending by sectors, 1983 and cumulative, 1961–83

Sector	1983		1961–83	
	Million dollars	Percent of all lending	Million dollars	Percent of all lending
Agricultural and fisheries	\$ 489	16.1	\$ 5,548	22.2
Industry and mining	732	24.0	3,776	15.1
Energy	968	31.8	6,696	26.7
Transportation and communication	171	5.6	3,276	13.1
Urban development	39	1.3	791	3.2
Education, science, and technology	189	6.2	1,314	5.2
Environment and public health	271	8.9	2,378	9.5
Export financing	62	2.0	534	2.1
Preinvestment	19	0.6	341	1.5
Other, incl. tourism	<u>105</u>	<u>3.5</u>	<u>381</u>	<u>1.5</u>
Total	\$3,045	100.0	\$25,035	100.0

Source: 1983 IDB Annual Report.

cooperation is for projects in the less developed countries and particularly for agricultural projects. In 1983, the IDB provided \$54 million for technical assistance; some 33 percent went to the poorer countries in the hemisphere and almost 50 percent was earmarked for agriculture and rural development projects. About 43 percent of technical cooperation activities are extended on a nonreimbursable and contingent repayment basis; the remainder is provided in loans or portions of loans.

The IDB provides technical cooperation in several ways: (1) nonreimbursable, (2) contingent-recovery, and (3) as part of project loans. Technical assistance on a nonreimbursable basis is usually for general or preinvestment studies and support for training. When technical assistance is provided on a contingent-recovery basis, it is usually in connection with preinvestment studies. If, as a result of the study, a project is financed by the IDB, or another financial institution, then the cost of the technical help is included in the loan and reimbursement to IDB is made as part of the loan repayment. Technical assistance on a nonreimbursable and contingency basis is handled by IDB's division for technical cooperation.

The larger part of technical cooperation is provided, however, as an integral part of loan projects. Many projects which IDB finances require not only "hardware" such as irrigation machinery, but also "software" such as training in land and water management. As IDB seeks to reach the poorer rural sectors in the countries served, it finds increasing need to provide assistance for project implementation.

Technical assistance helps increase the absorptive capacity for loans among the least developed countries of the Caribbean as well as Latin America. During 1982 and 1983 the Bank took an active role in efforts to provide more development resources and more effective deployment of resources for Caribbean countries; it provided services of an executive secretary for a broad inter-agency Agricultural Task Force for the Caribbean.² The Task Force will help improve coordination for the increased number of projects directed to the region, as well as identify opportunities for new investments.

Projects often include provision for hiring consultants on a short-term or resident basis to provide the implementing institution of recipient countries with some technical or managerial support. The consultants help assure that the credits extended are effectively used and the loans repaid.

The Bank offers technical assistance through its Preinvestment Fund or Project Preparation Programs to help countries identify projects and prepare them for funding by IDB or some other financing institution.

To implement a project after it is approved, the IDB will often assign, using loan resources, one or two experts to provide continued surveillance at the country level. Experts may also be sent to the field in the course of a project to study ways of raising working capital or to take other steps necessary to permit the project to be executed in accordance with the terms of the loan contract and its objectives.

Another area of technical assistance includes broad sector surveys not related to a specific project. These surveys are done at the request of member countries to provide information for development plans and possible investment by IDB or other lending institutions. Recently completed studies of this kind involved agricultural

²*This is an ad hoc group made up of most of the international organizations actively involved in development activities for the region; the United States is represented by USDA and AID.*

surveys conducted by joint FAO/IDB teams in several less developed member countries to identify key fields of investment essential to increasing agricultural productivity.

Cooperation With Other Organizations

The Bank has endeavored to raise the level of financial resources available for hemisphere development through parallel and co-financing arrangements. Since its inception, the Bank has carried out such parallel financing operations with the World Bank. In recent years, co-financing operations were also carried out with the EEC, OPEC, and with IFAD. With IFAD, all the co-financed projects were in agriculture and rural development. These included: a dairy program in Paraguay (\$11.9 million/IDB, \$7.5 million/IFAD); a farm settlement consolidation project in the Dominican Republic (\$31 million/IDB, \$12 million/IFAD); an agricultural recovery project in Nicaragua (\$61.5 million/IDB, \$12 million/IFAD); an agricultural development project in Western Honduras (\$6 million/IDB, \$10 million/IFAD); a pre-investment program in Honduras (\$2.5 million/IDB, \$400,000/IFAD), and a small farmers credit program in Jamaica (\$10 million/IDB, \$10 million/IFAD.)

The IDB has also collaborated with FAO and the regional organization, IICA (Inter-American Institute for Cooperation in Agriculture) in joint undertakings, e.g., the eradication of African Swine Fever in Haiti and strengthening of agricultural research in the hemisphere.

8. ASIAN DEVELOPMENT BANK

Background

The Asian Development Bank (AsDB), sponsored by the United Nations Economic Commission for Asia and the Pacific (ESCAP),¹ was established in 1966. Its headquarters is in Manila, the Philippines. The Bank is an autonomous organization, separate from the UN system. Its purpose is to loan funds, to promote the investment of both private and public capital for development purposes, to provide technical assistance to its developing member countries, and to hasten economic growth and cooperation in the Asian and Pacific region. Bank resources are applied especially to projects not adequately financed through other agencies, and which may stimulate regional economic cooperation.

Organization and Operations

While the Bank was established to serve the ESCAP region, membership is open to other developed countries that are members of the UN or of any of its specialized agencies. The 1983 membership includes 43 countries—29 regional and 14 non-regional. Of the 29 regional countries, 26 are classified as developing member countries and are eligible to receive assistance from the AsDB. Representatives of all member countries make up the organization's governing body, the Board of Governors, which is composed of a Governor and Alternate Governor for each member country. In most cases, the Governor is the Minister of Finance of the member country. The working language of the Bank is English.

The Bank has a president, two vice presidents (one for programs, the other for administrative services), and various programs and administrative departments. The Office of the Secretary, the General Counsel's Office, and the unit for project evaluation report directly to the president. Divisions for development policy, agriculture and rural development, infrastructure, industry and development banks, and central projects services, all report to the vice president associated with programs.

The offices for budget and personnel, administrative services, controller, treasurer, information and internal audit each report to the vice president associated with administrative services. In addition, the economics department, which conducts research relating to the problems and policies of social and economic development and to the methodology used for analytical work within the Bank, also reports to the vice president associated with administrative services.

¹Formerly known as the Economic and Social Commission for Asia and the Far East (ESCAFE). In addition to traditional Asian countries, the region includes the island countries of the South Pacific, namely the Cook Islands, Fiji, Gilbert Islands, Papua New Guinea, Solomon Islands, Tonga, and Western Samoa.

The Bank reorganized its operational functions in August 1978, to deal more efficiently with expanding activities and projected growth in volume and scope of the Bank's operations. The reorganization was also designed to provide more effective policy formulation and review with the creation of a development policy office. At the same time, two projects departments were reorganized into separate divisions for: agriculture and rural development, and for infrastructure, industry and development banks, and a central projects service division.

These changes were aimed at increasing the Bank's capacity to handle new and ongoing loan projects and technical assistance activities, while giving greater attention to project supervision and loan administration. The reorganization also provides better sectoral and subsectoral coverage within the three departments.

The evaluation unit, which had been part of the economics office, was converted into a separate office to carry out independent postevaluations of Bank projects and report on them to the president of the Bank.

The Bank's staff numbers about 1,050; of these about 35 percent are professionals and 65 percent are support staff. Approximately 8 percent of the Bank's professional staff is U.S. citizens. Support staff, however, is drawn largely from the host country.

AsDB employs consultants to prepare preliminary investigations and reports concerning the feasibility, economic and financial justification, general layout and design of projects. Consultants are also used for cost estimates and to supplement the AsDB staff on project appraisals or project implementation reviews.

The Bank helps recipient governments select and employ outside consultants for making detailed engineering designs, preparing analyses of bids, and supervising projects. In these cases, consultants are drawn from among the qualified personnel of member countries. The AsDB maintains information on individual consultants, consulting firms, and their qualifications. The main selection criteria for consultants are their technical qualifications and relevant experience. In addition, an effort is made to involve consulting firms from as many member countries as possible. Preference is given to qualified firms employing consultants from developing member countries.

While Bank operations consist principally of financing specific projects to foster economic growth and cooperation among developing member countries, its limited resources require judicious selection of projects. A general review of a country's economic development, with emphasis on national and sectoral development programs, is a prerequisite to project selection.

After confirming that a project justifies the investment, the AsDB undertakes technical, economic, and financial evaluations. Only projects with sufficient economic justification are considered for financing. The Bank is also concerned with overall financial arrangements, including finances contributed by a recipient government. In the case of a revenue-earning project, an appropriate financial return must be evidenced.

Since the governments of recipient countries either receive or guarantee the loans, not all types of revenue-earning projects need to show a high rate of financial return. Projects are, however, expected to be technically and organizationally sound. The Bank provides technical assistance, either on a reimbursable or grant basis, to help its developing member countries identify and implement projects. The Bank considers all sectors of a country's economy in the process of project selection, but the requirements of a country's development strategy may lead to emphasis on a particular sector or area.

Postevaluation of Projects

In August 1974, the Bank's Board of Directors adopted a program for a postevaluation system. While the Bank's Economic Office did some reviews, external organizations performed others under contract.

In evaluating development projects, the Bank assesses results and the means to achieve them. Postevaluation is conducted after project disbursements are completed and the project has been in operation. Evaluation reports are made directly to the president, the operations department, and the country involved in the project.

The purpose of postevaluation is twofold: to determine whether a development project has achieved its intended objective; and to reexamine the objectives to improve the quality of the Bank's development projects. The postevaluation program consists of the following:

- An audit after a project's completion to determine whether it has achieved stated objectives, and the reasons for deviation, if any.
- Studies on a sector basis, particularly where Bank activities are expected to expand. Such studies serve both an auditing and a management function. Appraisals are based on the desirability of a project from a country's point of view, and are carried out on the basis of traditional cost/benefit analyses.

During 1982, 23 project performance audit reports were made, resulting in a cumulative total of over 80 project evaluations. Some evaluations may be made by reputable external organizations engaged to conduct independent studies.

Financial Operations²

Ordinary capital resources are made up of capital stock subscribed to by member countries and the funds that the Bank raises through the sale of bonds in world money markets. On December 31, 1982, authorized capital stock was about \$8.0 billion, and subscribed capital was \$7.9 billion. Of the amount subscribed, 20 percent was paid-in shares, the latter usually payable in installments in a combination of cash and letters-of-credit, and 80 percent of the amount subscribed was in callable shares.

During the year, the Bank raised some \$8.8 billion in borrowings through the sale of bonds and notes in the money markets of member countries. Regular Bank loans are now made at interest rates a little above the rates paid by the Bank in its borrowings with repayment terms ranging from 15 years, including 3 years' grace, to 27 years, including 7 years' grace.

A Multi-Purpose Special Fund was established, in 1968 so the Bank might meet the needs of its poorer and less-developed countries for loan financing on concessional terms. The Special Fund consisted largely of resources contributed on a voluntary basis, and some funds set aside from the Bank's paid-in capital. In 1974, the Asian Development Fund was created to consolidate all the concessional funds, with the

²*This portion of the chapter is based largely on the AsDB annual reports for 1980 and 1983 (covering operations for the years 1979 and 1982).*

exception of the Technical Assistance Special Fund. Loans from the Fund have been standardized on terms of 40 years' maturity and a service charge of 1 percent per annum. Eligibility of countries for these loans is determined by the Board of Directors, based mainly on the country's economic situation.

During 1982, negotiations were concluded for a Third Asian Development Fund replenishment to finance the Bank's concessional lending over the 4-year period 1983-86. Developed member countries agreed to provide some \$3.2 billion and four developing countries agreed to make contributions of \$9.5 million.

Criteria used in selecting projects financed from the concessional funds are similar to those for ordinary capital resource loans. Generally, projects are selected which have priority in the development plans of the countries concerned, and which may generate substantial economic and/or social benefits. Because of the needs of the poorer developing countries in Asia, concessional fund loans have been made predominantly in agriculture and agriculture-related sectors (52 percent).

Development Assistance in Agriculture

Asian Agricultural Survey

As one of its first activities after opening in December 1966, the AsDB—recognizing the importance of agriculture—undertook a survey to inform itself and its member countries of the status of agriculture in the region and its project needs. The survey focused on the need to modernize agriculture in Asia through systematic application of science and technology, and to sustain growth in agricultural productivity.

The survey team recommended changes to improve agriculture's performance: a greater availability of high-yielding varieties of plants and seeds; more fertilizers and other chemicals; more credit to farmers; better control of water resources; and greater access to storage and marketing facilities. The findings were incorporated in the Bank's approach to agriculture and rural development, with emphasis on integrated agricultural projects to ensure essential supporting services and infrastructure.

In December 1975, the Bank formed a consultative committee of seven international experts as a first step in updating the original survey. The task force began work in June 1976, with the cooperation of a number of international agencies. These included the FAO, the International Rice Research Institute (IRRI), the International Food Policy Research Institute (IFPRI), the World Bank, the Economic and Social Commission for Asia and the Pacific (ESCAP), the Council for Asian Manpower Studies, and the United Nations Conference on Trade and Development (UNCTAD). The report of the task force was completed in March 1977, and released under the title, "Rural Asia-Challenge and Opportunity."

The second survey called for new initiatives and underscored the importance of addressing the needs of the small farmer and rural poor since the majority of the population in Asia is rural and these people have not shared adequately in the region's economic growth.

Funding for Agriculture and Agro-Industry

During 1982, the AsDB made new loan commitments of \$1.73 billion. Agriculture and agro-industry project loans took 35.9 percent or \$621 million. This was

an increase of 14.5 percent over the previous year. The agriculture and agro-industry sector received almost 60 percent of the funding provided through the Bank's concessional loan facility—continuing a pattern of priority for the sector. Bank loans supported improvements in irrigation, drainage and flood control facilities, agro-processing and marketing, cotton development, integrated agriculture and rural development, agricultural credit, and forestry and fisheries development.

Also, during the year, AsDB increased the amount of its co-financing, and the developing member countries (DMC's) also contributed more toward their project loans. Thus the Bank was involved in about \$3.8 billion in new financing. And in March 1983, the Bank's Board authorized it to begin making equity investments in the region's private sector.

AsDB has also supported agricultural research in the region through grants to research institutions (notably, the Asian Vegetable Research and Development Center, the International Rice Research Institute, and the International Crops Research Institute for the Semi-Arid Tropics). The Bank has also incorporated research facilities and programs as integral parts of agricultural investment projects.

Agricultural education and training components have been built into many projects in the agricultural sector. For example, the Bank holds seminars on agriculture and regional workshops on irrigation and water management, and has initiated an on-the-job training program for officers of development financial institutions in the DMC's.

Technical Assistance

During the first 2 years of the Bank's operations, technical assistance was limited to advisory services. Technical assistance for project preparation and implementation began in 1976. During 1982, technical assistance was provided for 80 projects and amounted to some \$18 million. As in previous years, over 50 percent of technical assistance expenditures was in the agriculture and agro-industry sector.

Countries that have received technical assistance in recent years include Bangladesh, Burma, Fiji, Indonesia, the Republic of Korea, Laos, Malaysia, the Maldives, Nepal, Pakistan, Papua New Guinea, the Philippines, Solomon Islands, Sri Lanka, Thailand, Tonga, and Western Samoa.

9. AFRICAN DEVELOPMENT BANK

Established in 1964 under the auspices of the UN Economic Commission for Africa (ECA), the African Development Bank was organized to make loans designed to improve the economic and social development of its member countries. Operations began at AfDB headquarters in Abidjan, Ivory Coast, in July 1966. Initial membership was composed of 33 African countries.

ORGANIZATION AND OPERATIONS

Reflecting a sensitivity to recently terminated colonial relationships with European nations, the founders initially restricted membership in the AfDB to independent African states. However, in 1979 the Bank's Board of Governors invited non-regional countries to join their institution. It was recognized that such action would broaden the Bank's financial base and increase its access to private capital markets—thereby expanding its lending to a level more commensurate with Africa's needs. The principal donor governments in Europe accepted membership and later, in 1981, the United States also joined. The United States now has a resident Executive Director to the Bank posted in Abidjan.

In conjunction with the advent of nonregional memberships, the Bank's capital was increased from \$1.5 billion to \$6.3 billion, of which nonregional countries subscribed \$2.1 billion over a 5-year period and regional governments subscribed to the balance.

The U.S. subscription was \$360 million, or 5.68 percent of the Bank's total capital, and 17 percent of the \$2.1 billion nonregional subscription. (This proportion of nonregional capital is roughly equivalent to the U.S. share in the African Development Fund, the concessional lending arm of the Bank, which has been open to nonregional participation since 1972.)

There are five main operating divisions in the Bank: the Policy Planning and Development Department, the Operations Department, the Finance Department, the Legal Office, and the Office of the Secretary General. The Operations Department has three divisions: loans, projects, and economics. A Preinvestment Division is operated jointly with the UN Development Program (UNDP). Although the AfDB is not a part of the UN system, it has special agreements with FAO and UNESCO for project identification and preparation in agriculture and education.

Bank staff personnel are drawn primarily from member countries in Africa. It often uses consultants and encourages the creation of African consulting firms, and turns to them as well as others for external assistance. A few U.S. people have been detailed by their agencies to provide technical assistance to the Bank.

The AfDB accords special preference to projects which benefit two or more member states, particularly those included within regional or national development programs. High priority is also given to loans for development projects that demonstrate

clear efforts towards self-help, mobilization of local resources, and assistance to member countries in attracting capital from nonregional sources. Loans for agricultural projects on ordinary terms have comprised about 17.5 percent of all Bank loans since it began operations.

Capital Resources

AfDB resources are divided into ordinary capital and special funds. Ordinary capital resources include subscribed capital stock, borrowings by the Bank against callable capital, and income from loans and guarantees.

Like the other international development banks, voting power is linked to the amount of a country's capital subscription. Each member has 625 votes, in addition to one vote for each share subscribed. In the AfDB, no nation has as much as 10 percent of the voting strength. Nigeria, Libya, Algeria, and Egypt are the four largest capital subscribers.

The Bank derives funds for ordinary operations from paid-in capital subscribed by the member states, borrowings inside and outside Africa, and income from project loans. In the initial years of the Bank's operations, its lending program was financed entirely from paid-in capital stock. The Bank has supplemented its capital base to an increasing extent by borrowings. Initially, this took the form of concessional loans from such countries as Austria, Canada, Sweden, and Japan. For example, Japan's Export-Import Bank made a major credit advance to the AfDB, which helps country members in Africa to buy from Japan on concessional credit terms. Subsequently, the Bank placed medium-term dollar notes with member states and the central banks of other countries and has raised funds from commercial lenders in the international capital market.

African Development Fund (AfDF)

The Bank's concessional fund was established in 1972 to provide loans on easy credit terms to member states of Africa. A distinct entity from the Bank, AfDF initially consisted of 16 nonregional states, and has since expanded to 22: Argentina, Belgium, Brazil, Canada, Denmark, Finland, France, the Federal Republic of Germany, Italy, Japan, Korea, Kuwait, the Netherlands, Norway, Saudi Arabia, Spain, Sweden, Switzerland, the United Arab Emirates, the United Kingdom, the United States, and Yugoslavia.

The objectives of the African Development Fund are similar to those of the Bank. However, AfDF loans furnish longer term financing for projects at interest rates below commercial banks.

The Board of Directors of the AfDF consists of six directors representing African member states, and six directors representing the nonregional member states. Under the agreement establishing the AfDF, the Fund draws on the administrative resources of the Bank to carry out its business. Bank expenses on behalf of the Fund are reimbursed by the Fund.

As of December 31, 1979, the resources of the AfDF amounted to FUA¹ 619 million. For the second replenishment period ending December 31, 1981, the members made available an additional FUA 662 million to make AfDF loan commitments during 1979-81.

In February 1982, negotiations were concluded with an agreement on the third replenishment for the African Development Fund for a million units of account (FUA). The United States pledged to contribute the equivalent of 143 million (FUA) and Japan 133 million (FUA). Germany, Canada and France were the other major contributors. In the winter of 1983 negotiations were underway on a fourth replenishment with an estimated 1.5-1.6 billion (FUA). If agreed upon, and if the U.S. share were in the 15-16 percent range, as it had been previously, it would mean a contribution of about \$75 million a year for the 3-year period of replenishment.

Contributions committed to the Bank's capital shares and the Fund are not fully paid in by member governments. On capital shares, one-quarter is paid in and three-quarters are callable. The paid-in capital and the credit which undergirds the callable portion enables the Bank to borrow at reasonable rates in the world's money markets. Commitments to the Fund are paid in over the 3-year periods of each replenishment but the drawdowns are made against disbursements, rather than at the beginning of the replenishment. For both the regular Bank loans and those of the Fund, disbursements lag behind commitments, often by several years. Thus on a cumulative basis for the years 1974-82, the Bank made loan commitments of 1,676 million (FUA) with disbursements at 664 million (FUA). Similarly, the Fund's cumulative loan commitments for the years 1974-82 were 1,543 million (FUA) while disbursements were 411 million (FUA).

Special Funds

The AfDB has created several Special Funds, designed to assist in the economic development of the most needy member states of the Bank, by providing loans on terms which are intermediate between those of the Bank, and those of the AfDF. These include the Nigeria Trust Fund—FUA \$130.5 million; the Arab Oil Fund—FUA \$11.1 million; and the Special Relief Fund—FUA 9 million.

Program Activities

The African Development Bank has put much of its resources into loans to improve the infrastructure of African countries, i.e., transport and public utilities, but agriculture has been the most important single sector. For the 4 years, 1979 through 1982, agriculture accounted for 25 percent of the project loans and 18 percent of the funding. For 1982, the African Development Bank made new commitments of \$212 million to the agriculture sector, over 28 percent of total lending. Agriculture figured even more importantly in the projects and loans provided by the African Development Fund for the period 1979 through 1982. The agriculture sector received almost 31 percent of all concessional loans.

¹The Fund's resources are denominated, as Fund Units of Account, which currently have a value somewhat lower than the U.S. dollar.

Within agriculture, the Fund has supported general rural development projects to improve rural living conditions, small irrigation and water projects, and efforts to improve farming practices and raise yields. AfDB loans have tended to support larger irrigation projects, improvement of commercial and export crops, as well as integrated rural development projects.

Reviewing the situation in Africa, the AfDB noted in its 1982 annual report the serious decline in production of foodstuffs in many member countries in recent years and attributed this, in large measure, to continuing drought. At the same time, Bank officials noted the adverse terms of trade and depressed prices for the continent's traditional export crops such as sugar and cocoa. Prices were generally lower in 1982 than in other recent years for coffee, tea, and cotton, which were important foreign exchange earners for a number of African countries. The net result has been a declining ability to pay for needed food imports and an increasing dependence on food aid from external sources.

The African Development Bank reported encouraging efforts by member countries to: (1) strengthen their production of foodstuffs through incentive prices and (2) improve transport and storage to reduce losses and maintain greater supply and price stability. However, these efforts have not been able to reverse the deteriorating economic and food supply problems thus far.

10. THE INTER-AMERICAN MULTILATERAL ORGANIZATIONS

Background

The United States had shown interest in multilateral associations with Latin American and Caribbean countries long before it entered into formal association with the United Nations or the various agencies which now constitute the UN system. Proximity and a concern for both national security and economic development early led the United States to recognize mutual interests and to value international collaboration in the Western Hemisphere. As the dominant nation in the region, the United States led the way in proposing and participating in multilateral organizations designed to further the mutual interests of member states.

The charter of the Organization of American States (OAS) was signed at Bogota, Colombia, in 1948 and modified by a Protocol approved in a special conference in Buenos Aires in 1967. The longstanding concern of the OAS and its predecessor organizations with agricultural development was shown in the creation of the Inter-American Institute of Agricultural Sciences (IICA) in 1942 and the convening of the First Inter-American Conference on Agriculture in 1930. The principal work of agricultural development within the OAS system has been carried out by the General Secretariat. The Inter-American Institute for Agricultural Sciences (IICA) is one of the principal specialized organizations within the purview of the OAS system.

Within the General Secretariat, agricultural development of member countries is aided by activities of the Inter-American Economic and Social Council and the Inter-American Council for Education, Science, and Culture. Both councils operate through secretariats that include technical staff for conducting studies and providing some technical assistance for agricultural development.

In addition to agencies associated with the OAS, the Western Hemisphere countries receive assistance for agricultural development from subregional banks, as well as from the Inter-American Development Bank. The regional bodies of the UN system also operate programs. Figure 6 indicates the relationship of these several other international agencies as well as the principal units of the OAS system.

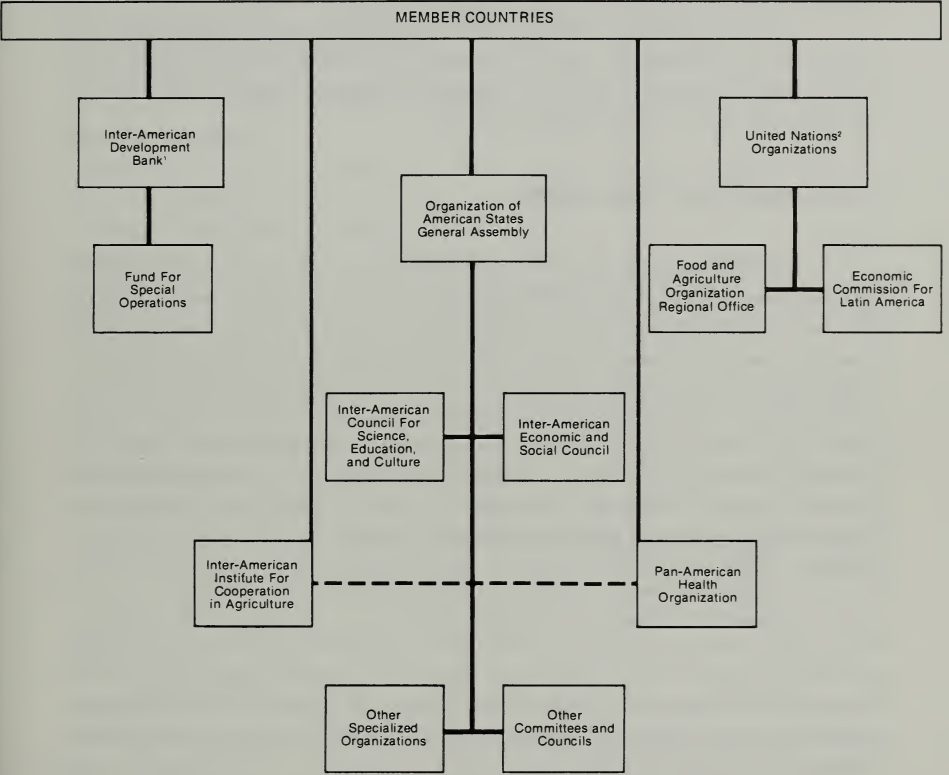
Inter-American Institute for Cooperation in Agriculture

In its early years, IICA was concerned primarily with agricultural research and training, and was headquartered at Turrialba, Costa Rica.¹ For almost two decades after

¹The research center continued at Turrialba is a separate institution called the Center for Studies in Tropical Agriculture (CATIE); with the adoption of its convention, IICA became the Inter-American Institute for Cooperation in Agriculture to better reflect its current activities than Inter-American Institute for Agricultural Sciences, which was its earlier name.

Figure 6

**International Organizations Concerned with
Food and Agricultural Development in the Western Hemisphere**
(Partial Listing)



¹In addition to IDB, there are other regional development banks serving countries in a limited area e.g. Caribbean Development Bank, Central American Development Bank.

²World wide organizations of the United Nations System operate regional offices to serve the Western Hemisphere countries.

its founding, it carried on a wide range of agronomic experiments and trials and was involved in research on livestock improvement. During these years, it offered training leading to graduate degrees as well as specialized courses without degree orientation.

In 1971 IICA conducted a broad, external review of its program in the light of the new concepts of development and the advances in agricultural research that had occurred in Latin American countries since its founding. As a result, the member governments decided that the organization should concentrate efforts in several principal lines of action: provide development assistance to all member states in the hemisphere; and emphasize the strengthening of national institutions. IICA remained headquartered in Costa Rica. In 1960, it moved its offices from Turrialba to San Jose and, in 1976, constructed its new headquarters on the edge of that city.

A new convention, or charter, for IICA was agreed upon and submitted to the member states for ratification. The new convention was ratified in 1980. In 1982, a new Director General was elected by IICA's member governments, marking another significant change in structure and program activities.

Organization and Operations

IICA is governed by an Inter-American Board of Directors made up of representatives of 28 countries in the Western Hemisphere. Canada became a member in 1973 and seven Caribbean countries followed suit. In previous years, the Board of Directors consisted of country representatives or Ambassadors to the OAS, which meets in Washington. However, since the OAS body deals with a range of political, economic, and social matters, it delegated authority to a Board of Directors reflecting the agriculture sector of the member countries, that meets biannually in different member countries. The new Convention gives authority to the Board for setting the operating policies of IICA. An Executive Committee composed of 12 country representatives meets more frequently to provide closer attention to programs, budgets, and other aspects of IICA's operation. Under the new convention the Board (formally called the Inter-American Board for Agriculture) and its Executive Committee have wide powers.

Funds for IICA are provided primarily by quota assessment among members. These quotas follow the pattern set by OAS; the U.S. share was 66 percent, but with the accession of Canada and the Caribbean countries, it is now 61 percent. Quota funds amounted to \$7 million for FY 1976/77; \$8.2 million for FY 1977/78; then shifting to calendar years, the budget was increased to \$12.9 million for calendar year 1980 and reached \$19.3 million for 1984.

In addition to its program funded by country quotas, IICA carries on a program of projects under ad hoc contracts with agencies of member countries and with international development institutions such as the Inter-American Development Bank and the Kellogg Foundation. Funding for these projects varies from year to year but has increased rapidly in recent years. It was \$4.4 million for FY 1975/76. It was about \$11 million in 1980 and estimated at more than \$25 million for 1983 and 1984. From time to time, USAID has asked IICA to undertake ad hoc projects under special contracts separate from assessed quotas contributed by the United States.

The allocation of regular funds by major lines of action during recent years is indicated in table 14.

Table 14—Allocation of IICA resources for direct program activities, fiscal years 1975–81 and calendar years 1982–84

Program activity	FY 1975–76	FY 1977–78	FY 1980–81	1982	1983	1984
<i>Thousand dollars</i>						
Information on agriculture and rural development	562.0	986.0	958.5	—	361.8	361.2
Agricultural education . .	967.0	831.0	745.7	371.0	617.5	426.4
Agricultural research and transfer of improved technology	717.0	787.0	1,042.2	650.7	1,761.6	1,903.0
Improving agriculture production	1,198.0	1,274.0	1,900.1	830.9	648.7	1,085.6
Promotion of structural change in agriculture	595.0	673.0	825.0	—	—	—
Animal health	—	—	500.0	2,490.5 ¹	868.8	909.8
Plant protection	—	—	500.0	1,396.5	705.2	788.0
Administration of agricultural policy . .	910.5	1,453.5	1,499.7	—	—	—
Agricultural marketing			500.0	689.0	681.4	788.1
New Program Activities						
Conservation/ management of renewal natural resources				1,009.9	944.8	966.2
Integrated rural development				1,000.0 ²	1,544.1	1,746.6
Planning and management for agricultural development					969.5	1,238.7
Other programs	<u>406.0</u>	<u>866.5</u>	<u>785.7</u>	<u>—</u>	<u>—</u>	<u>—</u>
Totals	5,355.5	6,871.0	9,256.9	8,439. ³	9,103.4	10,431.6

¹ The large increase in this program reflects the large-scale effort to eradicate African Swine Fever in Haiti.

² Estimated.

³ Not included in this listing of programs are the contributions to CATIE and, with 1982, the two new Centers established by IICA. Hence, the total program budget appears lower in 1982 than in 1981. The budget for the Center on Agricultural Information was earlier shown as the first program activity listed.

Program Activities

During the years 1975-80, IICA provided technical cooperation and training in six major lines of action:

- Operating an information and documentation center, which is also the Latin American arm of FAO's information system in all aspects of food and agricultural development.
- Strengthening agricultural education; the emphasis on this activity was to help educational institutions improve their teaching practices and the content of their agricultural courses, particularly at the postgraduate level.
- Increasing the effectiveness of agricultural research programs, by improving the management and technical aspects of agricultural research institutions.
- Promoting increased productivity through better farm management practices and the utilization of more advanced technologies. This line of action also included aid to improve marketing practices for food crops and to reduce postharvest losses. In 1979-80, new programs in animal health and plant diseases were added.
- Encouraging structural change in agricultural sectors by studying various aspects of rural development, agrarian reform, and peasant organizations.
- Strengthening the administration of agricultural policy and agricultural institutions.

Most of IICA's work is accomplished by helping focus attention on specific problems or constraints to agricultural development in member countries; providing technical personnel to work in agricultural institutions on a short-term or resident basis; and conducting courses and seminars and publishing technical agricultural reports.

Examples of work performed during recent years in IICA's major lines of action include the following:

- Information on agriculture and rural development. Aid to Argentina's project for its National Agricultural Information and Documentation Service; courses and in-service training in library sciences in Brazil; an international course on data banks and information technology, held in Lima, Peru; institutionalization of the rural development information systems of Central American countries. In 1983, IICA initiated a program of information dissemination using computer technology and exchanging data base information with major institutions of the hemisphere.
- Agricultural education. Advisory services to the Faculty of Agronomy of the Bolivian University at Ururo; technical aid to the State of Pernambuco, Brazil, in support of an integrated system of rural education; a course on methodology for professors of the inter-American rural photography center, Colombia; advisory services to Haiti to introduce an integrated rural education system. With new links to the training and outreach program of CATIE begun in 1982 the Institute began a new phase in this area of its activities.

- Agricultural research and transfer of technology. Updating the Directory of Agricultural Research Institutions in the Southern Zone and strengthening the research centers in the region; advisory services to the Forest Research Institution in Bolivia; lectures in plant physiology at the Federal University of Rio Grande de Sul, Brazil; a national meeting on forest plantation projects, Bogota, Colombia; technical aid to the government of Costa Rica in preparing a national program of research and technology transfers. The new links with CATIE are giving IICA a better perspective on technology transfers, particularly appropriate for Central America.

- Promotion of agricultural production and productivity. An international seminar on drip irrigation; a seminar on production systems; the first national meeting on marketing systems, storage centers, and wholesale markets in Bolivia; courses on the management of small irrigated properties, Petrolina, Brazil; aid to the Dominican Republic to create integrated rural services centers; technical assistance to Jamaica to develop more productive hillside farming.

- Promotion of structural change in agriculture. Training in campesino community enterprises for Paraguay; in-service training fellowships on rural development, Teresina, Brazil; training staff in Costa Rican institutions in agricultural enterprise management and marketing; this area of activity has been phased down by IICA in recent years.

- Administration of agricultural policy. An advisory service for the National Economic and Planning Council, Bolivia; counsel on preparation, analysis, and selection of development alternatives for the agricultural sector of Rio Grande de Sul, Brazil; collaboration with the National Planning Institute in Peru in formulating a training program in microregional development.

In addition to its principal program actions, IICA engages in a number of related activities designed to increase the importance that member states attach to agriculture and rural development in their countries. An important vehicle for this is the annual medals awarded by IICA for outstanding service and achievement in agriculture within the hemisphere. One medal is awarded for outstanding scientific accomplishment; one for outstanding contributions in rural development; and a third for professionals under 35 who have made outstanding contributions to agriculture.

A new line of work was added by IICA's Board of Directors at its meeting in 1979. A decision was made for IICA to initiate a program for controlling animal and plant diseases having significant economic impact on livestock industries and major crops. IICA is working closely with the Pan American Health Organization (PAHO), which has operated a limited animal health program, and with Central American organizations that have done related work in the region, as well as with FAO on training and operational activities.

On the eve of a change in IICA leadership, the Board commissioned a study by a group of five experts (including one from the United States) to recommend actions for the years 1982-87. The group concluded that IICA's principal missions were to advance agricultural development and rural well-being and it proposed that increased food production should be the main goal. It urged IICA to concentrate its limited resources on selected program efforts rather than attempt to provide services for all requests it received. At the same time, the group recommended that IICA seek greater participation

of member governments in its program planning, and that country offices be located in or near the agriculture ministries. Also, the group recommended that administrative costs be held down in order to make maximum resources available for in-country program activities. On CATIE, the group recommended continued support by IICA.

The new IICA leadership taking office in January 1982 generally accepted the recommendations of the expert group, and made further changes as well. Major changes in program activities and budget allocations are indicated in table 14. But budget allocations by program of work in 1982 cannot be compared precisely for several reasons: (1) it took many months to accomplish shifts in personnel and resources from one activity and place to another; (2) similar sounding program categories do not cover the same activities in 1982-84 as in earlier years; (3) the establishment of two new "centers," for information collection and dissemination and for project investments, meant a movement of resources from field (country) projects to headquarters activities. After administrative and financial difficulties arose at IICA's sister institution, the Tropical Agriculture Research and Training Center (CATIE), the Institute assumed a more direct administrative role in the center while continuing to provide a significant portion of its core budget. In its program budgets for 1983 and 1984 IICA included funding for its new Center of Inter-American Documentation and Information on agriculture and the new center for handling financial or investment projects. Together with CATIE, these three centers accounted for more than \$2 million or almost 20 percent of IICA's direct technical cooperation budget.

Among other major changes was an increase in funding for work on improving production technology and separate funding for agricultural marketing and agro-industry. Increased funding was allocated to projects dealing with integrated rural development. The programs begun in 1980 on animal and plant protection received larger allocations from quota funds. Considerable extra quota funding was added to IICA's program to control African Swine Fever in Haiti and to repopulate Haitian pig herds after eradication was completed.

Extra Budgetary Activities

A new element in IICA funding was introduced in 1975 when Venezuela pledged to contribute \$10 million over 5 years to establish the Simon Bolivar Fund to support the Institute's program. This grant prompted some additional contributions from other Latin American countries so that a program budget of almost \$2.8 million was available for the first year's operation. Although the Venezuelan grant and some of the other early contributions were in convertible currencies, provisions of the Fund permitted payments in local currencies. All contributions to the Fund were voluntary. The program gave priority to three existing lines of action carried out by IICA: helping to increase agricultural production and productivity; promoting structural change in rural areas; and improving the administration of agricultural policies and institutions. The Fund was not continued after the initial grants.

An increasing proportion of IICA's program activities are being carried out with monies provided in addition to the member states' quotas or assessments. A significant amount comes from contracts or grants from countries outside the Western Hemisphere, such as Spain, the Netherlands, the Federal Republic of Germany, Japan, and Israel. Monies provided by national and international institutions are usually for IICA services as executing agent for a specific activity. For instance, Brazil engaged

IICA to help staff its national agricultural research network, an effort supported by loans from the World Bank and the Inter-American Development Bank.

Multilateral Organizations for Central America and the Caribbean

In recent years the United States has given further evidence of the importance it attaches to the Caribbean Basin region by undertaking important initiatives in the area. These initiatives have been primarily bilateral in character and funding, but they have consciously sought to strengthen indigenous multilateral institutions and to rally the larger multilateral financial and development agencies in support of U.S. development objectives for the region. Thus, while national security considerations loomed large in the initiatives (and in initial plans for fund allocations), the intent has also been to create political and economic environments that would improve prospects for sustained economic well-being in the region.²

In personally presenting the Caribbean Basin Initiative (CBI), the U.S. President went to the Organization of American States and invited representatives of the multilateral agencies to be part of his audience. In the months that followed the announcement and the conclusion of Congressional action, it was clear that existent multilateral organizations would play an important role in realizing CBI objectives. Among the principal inter-governmental agencies now involved are:

- Inter-American Development Bank (IDB)
- Inter-American Institute for Cooperation in Agriculture (IICA)
- Caribbean Community and Common Market (CARICOM)
- Caribbean Group for Cooperation in Economic Development (CGCED) (organized under World Bank auspices)
- Common Market institutions for:
 - the Eastern Caribbean
 - the Central America States
- Caribbean Development Bank
- Central American Bank for Economic Integration

Again, in launching a program of assistance for the countries of Central America, the U.S. President chose a broad-gauged and highly visible Commission to study the economic and other needs of that area and submit its recommendations to him. The President, in turn, submitted to the Congress a package of economic and security proposals based on the Commission Report and estimated the amount needed at \$8.9

²A series of consultations with nations in the region or vitally interested in it were held as part of the planning for the U.S. Caribbean Basin Initiative. These nations included Mexico, Venezuela, Canada, and Jamaica and some other island countries.

billion over a period of 5 years. Two examples of multilateral activities specifically affecting the agriculture sector in the Caribbean are described.

Caribbean Group for Cooperation and Economic Development (CGCED)

This group has met regularly since 1978 with the World Bank serving as host agency and providing the Secretariat. While it deals with a wide range of economic development issues such as tourism and infrastructure needs, agricultural development has been a principal agenda topic. The CGCED meeting in February 1984 *inter alia*, reaffirmed the value of a subgroup that had been organized by the Inter-American Development Bank to better coordinate the wide array of food and agriculture projects by more than a dozen major international development agencies. The IDB-sponsored body meets informally in Washington at the Bank's headquarters and includes the following activities: (1) helps IDB with its "clearinghouse" computerized activity which provides information on all food and agricultural projects in the areas; (2) facilitates joint reviews of projects on which there may be questions; and (3) monitors implementation of agreed upon actions in the food/agriculture sector.

Regional Council On Cooperation in Agriculture (CORECA)

Central American countries have long recognized a community of interest and have tried a number of joint organizational arrangements, most notably a common (trading) market. But periodic dissension between countries has often stymied effective joint actions. A new effort was undertaken in 1981 by the agricultural ministers of the five Central American countries together with Panama and the Dominican Republic and called the Regional Council on Cooperation in Agriculture (CORECA). The Inter-American Institute for Cooperation in Agriculture (IICA) serves as Secretariat to the group (under a grant from AID). The group of ministers has been meeting semiannually with each country, in turn, serving as host. At a meeting of CORECA in December 1983, the ministers reviewed a wide range of program activities and tasked IICA with responsibility for staffing out proposals and, as necessary, seeking needed funding. It is still too early to determine how useful CORECA will be, but it does serve the need for this grouping of countries to take counsel together and to forge links in their mutual interest. Moreover, CORECA will be in place to work with USAID's Regional Office for Central America (ROCAP), as well as with multilateral agencies when additional development resources become available for the region.

11. INTERNATIONAL AGRICULTURAL RESEARCH CENTERS

Background

Agricultural research plays a key role in agricultural development. Research helps provide the new and improved technologies which make it possible to increase yields per unit of land and to reduce costs per unit of product. Research also helps provide the means for coping with insects, diseases, and environmental problems which otherwise might reduce production levels. Despite its importance, research on food crops in and for developing nations was given scant attention until the 1960's. Some national research programs were established, but their resources—both financial and human—were meager. The results were often poor, though in some cases, a base was laid for future activities.

A few strong national programs were developed, generally with help from a developed nation. The Rockefeller Foundation was particularly active in such assistance. But most national donors tended to place emphasis on developing extension services and colleges of agriculture. In the case of extension, it was thought that technology available in developed nations could simply be applied in developing nations. It couldn't. The colleges of agriculture, with external aid, did produce trained personnel who were later to play an essential role in research.

Development of research in the public sector is of particular importance in developing nations because the private sector has not played the same role in research as in developed nations. This is because private research tends to focus on proprietary technologies involving farm machinery and chemicals which are of minor importance where agricultural development is at an early stage.

The first significant steps toward greater emphasis on research for food crops were taken in Mexico in the early 1940's when the Rockefeller Foundation initiated a program of agricultural research with the Mexican government. In 1959, Dr. Norman Borlaug was placed in charge of the Foundation's international wheat improvement project. Concurrently, the Foundation began to think of a comparable effort on rice in Asia. Accordingly, Rockefeller joined forces with the Ford Foundation and in 1960 formally established the International Rice Research Institute (IRRI) in the Philippines. The Institute came into full operation in 1962. Subsequently, the Rockefeller wheat program was merged with a comparable corn project in 1963; and was then reorganized in 1966 as the International Maize and Wheat Improvement Center (CIMMYT).

The food crisis of the mid-1960's in south Asia coincided with the initial release of some semi-dwarf wheat and rice varieties. The results gave encouragement to agricultural research. The two foundations went ahead to establish two more international centers in the mid to late 1960's—the International Institute for Tropical Agriculture, IITA, in Nigeria, and the International Center for Tropical Agriculture, CIAT, in Colombia. Equally important, donor agencies in developed nations, some of which had not had particularly encouraging earlier experiences with national research or who had

neglected it, began to reevaluate their positions and some began to contribute to the international centers.¹

The Consultative Group on International Agricultural Research (CGIAR)

The time was ripe in the early 1970's for the establishment of the Consultative Group on International Research (CGIAR) as a coordinating and funding mechanism for these centers. During the remainder of the decade, funding for this purpose rose sharply; the number of centers and programs sponsored also increased. Growth slowed in the early 1980's.

Most of the international agricultural research activities are conducted under the aegis of the CGIAR. But there are some notable exceptions, such as the Asian Vegetable Research and Development Center (AVRDC) in Taiwan, the International Fertilizer Development Center (IFDC) in the United States, and the International Center for Insect Physiology and Ecology (ICIPIE) in Kenya. All have international Boards and a close relationship with the CGIAR, but as of early 1983 were not members. Other international centers are being established in the areas of irrigation management and soil research and management.

Initial Organization

By the late 1960's, the Ford and Rockefeller Foundations decided that while the four institutes they had established were a most worthwhile venture, the financial requirements were more than they could meet for long. However, other donors were becoming interested in providing assistance as the potential of the Centers became clearer. The foundations sponsored several joint meetings with prospective donors in Bellagio, Italy, which led to the creation of the CGIAR.

As established, the CGIAR was sponsored by three international organizations: the World Bank, the United Nations Development Program (UNDP), and the Food and Agriculture Organization of the United Nations (FAO). The CGIAR was to be composed of donors and provided with a Technical Advisory Committee (TAC) made up of 13 internationally known agricultural scientists and administrators. A secretariat was established for the CGIAR in the World Bank and another for the TAC at FAO in Rome. The sponsors shared the cost of the TAC and the World Bank and UNDP also provided funding for CGIAR activities. An official of the World Bank serves as chairman of the CGIAR. Both the organizational structure and operations of the CGIAR were, and are, informal compared to other international groups. There is no constitution or bylaws and decisions are made by consensus.

Initially, there were 16 charter donor members beyond the two foundations and two sponsors: Belgium, Canada, Denmark, the International Development Research Center (Canada), Japan, the Kellogg Foundation, the Kresge Foundation (1972 only), the Netherlands, Norway, Sweden, the United Kingdom, and the United States. Mem-

¹The U.S. Agency for International Development (AID) was, until the late 1960's, constrained from supporting research on agricultural products in world surplus. AID first contributed to CIMMYT in 1969 and to the three other international centers in 1970.

bership was entirely voluntary. Provision was also made for fixed-term representation from the developing countries. FAO members in each of the five developing regions of the world elect a representative and an alternate to participate in the Group's deliberations.

At the beginning in 1972, total funding was \$20 million. The United States, through AID, pledged to contribute up to 25 percent, and the World Bank, 10 percent of core funding. These funds were distributed to the four centers inherited from the foundations, plus two others: CIP (the International Center for Potatoes), which was an outgrowth of a program established by the Rockefeller Foundation and AID, and the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), which the group decided to establish.

Growth from 1972 to 1980

Through the 1970's, there was substantial growth in donor membership, funding, and in the number of Centers and activities sponsored. The rate of growth slowed appreciably in real terms in the early 1980's, a period of tighter funding.

Additional donor members joining the CGIAR were: Australia, the Federal Republic of Germany, Switzerland, France, the Inter-American Development Bank (IDB), the Asian Development Bank (ADB), Nigeria, the United Nations Environment Program (UNEP), Iran, Italy, New Zealand, Saudi Arabia, the Arab Fund for Economic and Social Development (Arab Fund), the European Economic Community (EEC), African Development Bank (ADB), International Fund for Agricultural Development (IFAD), Ireland, Mexico, Philippines, Leverhulme Trust Fund (U.K.) the OPEC Special Fund, India, Spain, Finland, and the People's Republic of China.²

As of 1984, donor membership was composed of 23 nations, 6 foundations, 5 international organizations (FAO, UNDP, UNEP, IBRD and IFAD) and 6 regional organizations (AsDB, AfDB, IDB, EEC, Arab Fund, OPEC Fund).

The CGIAR-sponsored agricultural research activities in 1984, as well as five non-CGIAR research activities, are summarized in table 14.

Recent Contributions and Expenditures

Annual core funding provided by the donors increased as follows (in million dollars): 1973 (24.9), 1974 (34.5), 1977 (77.2), 1978 (85.0); 1982 (147.8), and 1983 (165.1). The United States, through the Agency for International Development (AID), has provided about 25 percent of total core contributions.

Expenditures by individual centers and programs for selected years from 1975 to 1983 are summarized in table 15. Total expenditures differ from total contributions due to earned income and carryover of funds from the previous year. Core expenditures represent activities funded by the CGIAR; special projects are usually bilateral efforts located in a specific developing nation and are funded outside of the CGIAR, often by CGIAR members. Core activities represented 85 percent of the total expenditures from 1980 to 1983, while special projects represented 15 percent.

²Iran and Saudi Arabia contributed only in 1976 and 1977. Saudi Arabia rejoined the group in 1983. New Zealand, which made a very small contribution, dropped out in 1983.

There are two basic categories of expenditures: operations and capital. The latter category largely reflects the cost of developing the physical plant and facilities of the centers, and much of this type of expenditure was made early in the establishment of each center. The proportion of funds allocated to operations increased gradually, while those allocated to capital expenditures decreased correspondingly. Over the 4-year period from 1980 through 1983, 91.7 percent of the core expenditures were for operations while 8.3 percent were for capital. Within the operations budget, expenditures are divided into four main categories; these categories and their proportion of the total operating budget from 1980 through 1983 were: (1) research and research support, 59 percent; (2) training and conferences, 7 percent; (3) libraries, documentation, and information, 5 percent; and (4) administration and general expenses, 29 percent.

Involvement in special projects varies considerably by center and program. Five centers have rather substantial involvement in special projects in terms of propor-

Table 14—Major International Agricultural Research Centers and Programs, 1984

Center and Program	Acronym ¹	Country of location ²	Year of establishment ³
Sponsored by the CGIAR:			
Center:			
● International Rice Research Institute	IRRI	Philippines	1960
● International Maize and Wheat Improvement Center	CIMMYT	Mexico	1966 ⁴
● International Institute of Tropical Agriculture	IITA	Nigeria	1967
● International Center for Tropical Agriculture	CIAT	Colombia	1968
● International Potato Center	CIP	Peru	1972
● International Crops Research Institute for the Semi-arid Tropics	ICRISAT	India	1972
● International Center for Research in Animal Diseases	ILRAD	Nigeria	1974
● International Livestock Center for Africa	ILCA	Ethiopia	1974
● International Center for Agricultural Research in the Dry Areas	ICARDA	Syria	1976
● International Food Policy Research Institute	IFPRI	U.S. (Washington D.C.)	1975

See footnotes at end of table.

**Table 14—Major International Agricultural Research Centers
and Programs, 1984—Continued**

Center and Program	Acronym ¹	Country of location ²	Year of establishment ³
Program			
● West African Rice Development Association	WARDA	Liberia	1971
● International Board for Plant Genetic Resources	IBPGR	Italy (Rome)	1973
● International Service for National Agricultural Research	ISNAR	Netherlands (the Hague)	1979
Non-CGIAR:			
● Asian Vegetable Research and Development Center	AVRDC	Taiwan	1971
● International Fertilizer Development Center	IFDC	U.S. (Muscle Shoals, AL)	1974
● International Center for Insect Physiology and Ecology	ICIPIE	Kenya	1970
● International Irrigation Management Institute	IIMI	Sri Lanka	1984
● International Board for Soil Research and Management	IBSRAM	Uncertain	1984

¹ In the case of the three centers in Latin America, the acronym is derived from the name in Spanish.

² Location of headquarters and main research facility.

³ Date of formal establishment; not necessarily date center or program became functional or became member of CGIAR.

⁴ Preceded by International Center for Corn and Wheat Improvement established in 1963.

tion of total budget (in decreasing order): ITTA, ILCA, IRRI, IFPRI, and ICRISAT. Special projects represented 29.8 to 19.5 percent of their total budgets in 1983.

Changes in Operation of CGIAR System

The initial organizational arrangements have proved quite satisfactory, and have been only slightly modified during the period from 1972 to 1984. Two reviews of the system have suggested refinements in management and operations but no major changes.

The meeting cycle and format has been gradually modified and as of 1984 provides for two principal annual meetings of the CGIAR (composed of donor representatives). The principal meeting is International Centers Week (ICW) which is normally held at World Bank headquarters in Washington, D.C., in late October to early November. The week has two main components: (1) a presentation and review of individual center programs and budgets for the following year, and (2) a meeting of the CGIAR itself. In addition, a number of other related meetings are held before and after Centers Week; the resulting package might more appropriately be termed Centers Fortnight. A second meeting is held in May, usually outside of Washington; locales to date include Paris and Rome; the 1985 meeting is scheduled for Tokyo. The Technical Advisory Committee meets three times a year: in March in Rome (at FAO), in June at a center, and in late October, just before ICW, in Washington.

Despite growth in the size of the CGIAR system, the CGIAR continues to operate in the relatively informal manner which has characterized it from its inception and made it unique among international organizations. A vice president of the World Bank continues to serve as chairman and the group is served by both the CGIAR Secretariat in Washington and the TAC Secretariat in Rome. Both Secretaries are quite

**Table 15—Total core program expenditures
(operations and capital), CGIAR, 1975–83**

Center program	Actual					Preliminary
	1975	1977	1980	1981	1982	1983
<i>Million dollars</i>						
Centers						
IRRI	8,517	9,831	15,897	17,935	20,303	21,497
CIMMYT	7,708	8,924	16,561	18,659	18,825	18,751
IITA	8,482	9,429	15,498	17,246	19,546	19,607
CIAT	5,490	6,538	14,991	16,822	19,252	20,620
CIP	2,578	4,246	7,734	9,157	9,426	10,402
ICRISAT	6,142	6,825	12,265	13,400	16,151	19,904
ILRAD	2,406	4,660	9,141	9,785	8,818	9,462
ILCA	1,578	4,225	9,789	9,829	9,318	11,242
ICARDA	—	3,292	11,808	14,678	14,414	19,307
IFPRI	—	—	2,456	2,992	3,416	3,517
Programs						
WARDA	.555	.827	2,476	2,685	2,843	3,221
IBPGR	.487	.915	3,031	3,568	3,090	4,117
ISNAR	—	—	1,134	1,544	2,448	3,463
Total core	43,943	59,712	122,781	138,300	147,850	165,110
Special projects	5,835	8,020	18,729	20,235	26,922	35,545
Total	49,778	67,732	141,510	158,535	174,772	200,655

small; together they have only 12 senior staff members. This includes the recent addition of another scientific advisor (for social science) and a management advisor to the CGIAR Secretariat, and another research officer to the TAC Secretariat.

The questions faced by the group, however, have become increasingly complex. Funding is increasingly tight compared to needs. Larger variations in international exchange rates have caused special difficulties in planning and carrying out center operations. To better cope with this situation, the CGIAR Secretariat recently established a stabilization fund, to try to insure that each center receives a given level of funding no matter what happens to exchange rates. A special studies fund has also been established in the CGIAR Secretariat. One of the principal studies as of 1984 is an evaluation of the impact of the CGIAR system at the farm level in the developing nations. Another concerns ways of improving financial management in the CGIAR system. The TAC is concurrently studying strategic considerations and priorities.

U.S. Government Participation in CGIAR

U.S. participation in the CGIAR system is handled principally by the Bureau for Science and Technology (S&T) in the Agency for International Development (AID). The Senior Assistant Administrator of AID acts as U.S. representative to the CGIAR. Funding for the CGIAR is provided in the AID budget. Staff work is conducted by a small unit in the Office of Agriculture, S&T, and consultations are carried on more broadly within the U.S. Government and the science community. In FY 1984, the U.S. share (25 percent) of funding for the CGIAR was \$45.25 million. The U.S. contribution to individual centers varies, from nothing (in the case of WARDA³ to 30 percent or more of the core budget. Much smaller dollar levels of funding are also provided to some other research centers and programs which are not part of the CGIAR system.

Organization and Focus of CGIAR Centers and Programs

The CGIAR is only a coordinating and funding entity; the actual research is done in the centers and programs funded by it. Virtually all of the centers have an extensive home campus composed of offices, research facilities, and fields for experimental work.⁴ Some have branch research stations.

Organization

The centers or programs have their own formal structure for management. Each has an international board of directors. The board sets policy, hires the director of the center or program,⁵ and establishes operating policies and procedures. The centers operate under arrangements with their host countries and enjoy international status.

³The CGIAR sponsors only one phase of the WARDA program; another phase receives funding from the Bureau for Africa in AID.

⁴WARDA's facilities are more dispersed. IFPRI and ISNAR occupy rented office space; FAO provides space for IBPGR.

⁵The latter is not true of IBPGR where the Executive Secretary is an employee of FAO.

Generally, the host country provides the land for the center and has at least one member, with ex-officio status, on the board of directors.

As parts of the CGIAR system, the individual centers and programs are not completely independent. General policy and goals are set by the CGIAR with the help of TAC. The CGIAR also generally names several of the board members. TAC conducts periodic external reviews of the centers and programs on behalf of the CGIAR. The CGIAR Secretariat sponsors concurrent external management reviews.

Program Focus

The main activity of each center is applied research, along with related technical training and information programs, and conferences. The primary research focus is on staple food crops and livestock as raised by small farmers, and eaten by low-income consumers in developing nations. The research budget for the CGIAR system in 1983 can be broken down by percentage shares as follows:

<u>Category</u>	<u>Proportion of budget</u> <u>Percent</u>
Crops	
Cereals	38
Root crops	12
Legumes	12
Subtotal	62
Livestock	20
Multi-commodity and systems ¹	18
Total	100

¹Genetic resource conservation, food policy research, farming systems research, and assistance to national agricultural research.

The general nature of the activities within these categories may be outlined as follows:

Crop Improvement. The early goal of IRRI and CIMMYT was to obtain higher yields. Then more emphasis was given to improving plant characteristics and product quality. In recent years, particular attention has been given by all the centers to factors which improve yield stability and the ability to withstand adverse conditions, both climate and soil-related. The latter course has been taken to extend the benefits of new technologies to disadvantaged or previously bypassed farmers—often operating on poor soils and without irrigation.

Crop improvement activities are of four main types:

- Genetic resources and testing. To develop improved plants through plant breeding, genetic stocks must be built up, crossed, and tested on a vast scale.

- Development of pest and disease resistance. An attempt is made to build in as much resistance as possible to minimize the need for chemical control methods. This is of vital importance for smaller farmers who have neither the funds nor the training necessary to adopt such techniques.
- Tolerance to adverse climatic and soil conditions. Researchers are attempting to develop increased plant tolerance of drought, high or low temperatures, adverse soil conditions, and other factors. Increased tolerance will make it possible to use the technology in disadvantaged areas.
- Nutritional quality. In making the above improvements, scientists assure that the nutritive value of the crop is not lowered, and where possible, is raised. Special attention has been given to improving the protein quality of corn.

Other important areas of crop research work include: wide crosses, such as between wheat and rye, to produce triticale, a new crop; studies of biological nitrogen fixation; and the development of true seed for tuber crops, which could lead to a significant reduction in costs of production for small farmers.

Livestock Improvement. This work is concentrated in two centers in Africa. ILRAD is devoted to seeking a cure for major livestock diseases and ILCA is devoted to finding ways of developing improved livestock farming systems in Africa. Improved pastures for livestock are being studied at CIAT in South America.

Multi-Commodity and Farming Systems. Inevitably, some of the work of the CGIAR system cuts across commodities and functions. In most cases it complements work done on a smaller scale at the centers. The activities of three centers and programs fall into this category. The IBPGR complements and enlarges upon the plant genetic resources work done at the centers as well as helping national programs improve their genetic resource preservation programs. Similarly, IFPRI looks at food policy issues which are broader in nature than are normally considered in the production-oriented economics programs at the individual centers. ISNAR provides organizational assistance to national agricultural research programs which goes beyond the scope of a research center. Farming systems research is a different case: no one center specializes in this subject, but most centers have farming systems programs or carry on related work. By its nature, systems work is broader than an individual commodity or the range of commodities studied by a center.

Problems and Prospects

The international agricultural research system is generally regarded as highly successful. The CGIAR system is, by international standards, quite informal. It is also relatively small in size and cost. Membership is entirely voluntary and there are no assessed contributions; donors may give as little or as much as they want. A wide range of donor nations and organizations are included. Contributions are made directly to the

centers and programs involved. The system relies entirely on the good will of its members.

But these informal qualities also make the system fragile. There are no assured sources of funding; grants are largely provided on a year-to-year basis. The system and the centers have no endowment to fall back on. Among the principal donors are foreign assistance agencies which are constantly under severe financial and political pressure. Thus there is very little financial security. Given the vital role that the centers play in increasing agricultural production in the developing nations, the financial insecurity is a matter of concern. While the financial uncertainty underscores the importance of program evaluations and cost controls, scientists and developing country beneficiaries are concerned about the impact on longer-term research efforts.

12. UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Background

The UN Conference on Trade and Development (UNCTAD) originated in Geneva in 1964 at a meeting called to discuss trade and development and related problems of low-income countries. This meeting created permanent machinery within the UN to deal with the problems of trade and development—a conference to meet every 4 years, a Trade and Development Board (TDB) to meet biannually, and standing committees of the TDB concerned with commodities, manufactures, financial issues, and shipping. The TDB, composed of 55 countries, acts as a continuing governing body, holds several policy meetings each year, and acts for the Conference when the Conference is out of session.

UNCTAD's substantive committees and its Trade and Development Board permit a continuing dialogue between developed and less developed countries on critical trade and development issues. UNCTAD and TDB thus represent efforts of developing countries to secure more favorable terms of trade and have a larger voice in international decisions affecting trade and development. Resolutions passed in UNCTAD meetings reflect the views of delegates from the developing countries, who represent most of the member countries. Since the economies of the developing countries continue to be mainly agricultural, there are implications for the agricultural policies of both the less developed and developed countries.

The first UNCTAD meeting, referred to as UNCTAD I, in 1964 produced a new unity among developing countries, permitting them to win passage of a set of principles on trade relations, which the United States and most other developed countries did not fully accept. UNCTAD II was held in New Delhi in 1968 and was preceded by a meeting in Algiers of representatives from 77 less developed countries to plan a common strategy for the conference.¹

Although UNCTAD II fell short of their aspirations, it achieved progress on the major issues. A system of trade preferences for developing countries was formulated. The conference also adopted the UN goal of 1 percent of developed countries' GNP as a reasonable target for net financial transfers to the less developed countries.²

UNCTAD III convened in Santiago, Chile, in 1972. It was preceded by a meeting of developing countries in Lima, which issued a paper on principles of international economic behavior among developed and developing nations. The work of UNCTAD III was divided among a number of committees and special work groups. In addition to committees on commodities, manufactures, finances, and invisibles (including shipping, tourism, and insurance), two new committees were established—one on

¹Thereafter, the developing countries, collectively, were referred to as the "Group of 77," or G-77.

²This was not accepted by the United States and other industrialized countries.

trade relations among countries with different economic and social systems, and the second on assistance for the least developed among the developing countries. Three working groups were also established on institutional arrangements for increasing the effectiveness of UNCTAD, trade among developing countries, and technology transfers.

The principal trade issue at UNCTAD III was LDC participation in negotiations under the General Agreement on Tariffs and Trade (GATT). The developing countries wanted to have a voice at the 1973 GATT session so their interests would be taken into account more fully. The developing countries did obtain wider agreement on a system of generalized preferences to favor their exports going to industrialized country markets.

UNCTAD III also debated questions of LDC diversification, market access, and nontariff barriers against their commodity exports to the industrialized countries. The conference reiterated its call for a level of financial transfers of 1 percent of GNP by the developed countries and 0.7 percent in official transfers. It also devoted attention to the problems of the least developed and landlocked countries among the developing countries. The United States joined other developed countries in supporting the idea of special assistance for these needy countries.

Confrontations and Accommodations

UNCTAD IV, held in May 1976 in Nairobi, was attended by the highest ranking U.S. delegation in UNCTAD history, including the Secretary of State. Like its predecessors, UNCTAD IV was preceded by a meeting of the LDC's. This meeting was held in Manila under the aegis of the Group of 77, and over 100 developing countries participated. The group drew up 17 demands for restructuring international trade, mitigating the debt burdens of the less developed countries, and improving commodity price stability. Most of the commodities cited were agricultural products.

The 17 demands were unacceptable to most developed countries. As an alternative, the United States presented a plan for an international resources bank that would meet the reciprocal needs of developing and industrialized countries. The proposal fell a few votes short of acceptance. In its place the conference adopted, over the opposition of many developed countries (including the United States), a plan for an International Commodity Fund to create commodity buffer stocks aimed at dampening price fluctuations.

Preparatory meetings on the proposed fund began September 1, 1976. In March 1979, agreement was finally reached on the "fundamental elements" of the Common Fund. There have since been a series of meetings to draft the Articles of Agreement of the Common Fund. However, numerous technical issues have remained in dispute. Most important is the disagreement between developed and developing countries over the future size and scope of operations of the "second window" of the Fund.

As now planned, the Common Fund would have two financing functions. The "first window" would be used to provide funds for the management of buffer stocks organized under separately negotiated international commodity agreements. The "second window" would be for "other measures," such as providing financing and promoting development in the primary commodities sector. The second window would make loans for such things as diversification, the development of marketing capabilities, market promotion, and the development of processing industries in the developing

world. It is still uncertain whether the Common Fund would be authorized to borrow on the international capital markets—as the multilateral development banks now do—to raise additional capital for lending. Many of the developed countries, including the United States, have opposed such an authorization.³

The establishment of a Common Fund has long been the subject of intense and contentious negotiations between “North” and “South.” The agreement reached in March 1979 was a significant breakthrough in the negotiations between developed and developing countries. However, intensive work continues in Geneva to develop international agreements for commodities of special interest to LDC’s.

Renegotiations have now taken place for coffee, cocoa, sugar, and tin. An international agreement was also reached ad referendum on rubber in October 1979. In addition, UNCTAD has held meetings on other commodities which the LDC’s would like included in the Common Fund. However, discussions on most of these commodities remain at the technical stage. Although many of these commodities have not proved amenable to international agreements, UNCTAD has not dropped them from the Common Fund list.

UNCTAD V was held in Manila, May 1979. Since the Common Fund issue had been largely settled that March, the conference was left without a central focus. The Group of 77, the coalition of developing countries, entered UNCTAD V with an array of proposals but no clear agenda. Consequently, the conference produced little movement on specific issues. However, the meeting was important in several respects.

UNCTAD V was marked by divisions among the Group of 77 that mirrored differences in their level of economic development, market orientation, and oil import needs. The principal break occurred between the oil-importing LDC’s and the OPEC countries. It was precipitated when several Latin American countries interjected the issue of energy into the discussions on interdependence. They maintained that it was impossible to discuss broad issues of economic interdependence without discussing energy and its impact on development. An extended debate ensued behind the scenes between the oil-importing LDC’s and the OPEC countries. The oil-importing developing countries agreed not to press the issue at the conference, and the OPEC countries agreed to consult with them further on this issue after UNCTAD V.

Aside from the issue of rising oil costs, the developing countries were most concerned about the outcome of the multilateral trade talks, the threat of increasing protectionism, and the deterioration in world economic conditions. These economic movements have had a severe impact on the low-income countries. The LDC’s pushed hard for resolutions on liberalizing the world trading system, facilitating structural adjustment in the developed countries, and lessening the dependence of the “South” on the economic growth of the “North.”

UNCTAD V produced significant resolutions in three areas: (1) trade, (2) commodities; and (3) the least-developed countries. In the area of trade, the conference produced a consensus resolution on anti-protectionism and structural adjustment. The resolution entrusts the UNCTAD and TDB to organize, in an appropriate existing body, an annual review of production and trade patterns in the world economy. It contains no reference, however, to consultations and no specific recommendations for sectors or countries.

³At UNCTAD V in Manila, a total of \$87 million was pledged to the Common Fund, toward a target of \$280 million. Total pledges were still well below target in 1983.

In the commodity area, the Group of 77 proposed that the UNCTAD Secretariat undertake a detailed study on the operation of a complementary financing facility, including its financial requirements and feasibility. The facility would be designed to finance shortfalls in export earnings from individual commodities. Most of the developed countries, including the United States, opposed this proposal.

The negotiating group on commodities also produced a resolution on "food production and trade." This resolution urges developing countries to adopt policies which would encourage food production and expand world food trade, especially food exports by the developing countries. The resolution also requests the Secretary General of UNCTAD to continue reviewing the world food trade situation and sending reports to the World Food Council. It does not, however, empower UNCTAD to make recommendations to the World Food Council or any other UN body.

The conference also agreed to reactivate the UNCTAD Committee on Commodities and phase out the Ad Hoc Committee on the Integrated Program, which had become the predominant group for commodity discussions after UNCTAD IV.

Perhaps the single most positive note in the conference was the resolution on aid to the 31 least-developed countries. It called for a comprehensive new program of action for the least-developed countries for the 1980's, increases in external resources, and a special UN conference on the least-developed countries, to be convened by the UN General Assembly. The program of action would be an integral part of the Third International Development Strategy for the 1980's.⁴

The sixth UNCTAD meeting took place in Belgrade in June 1983. The principal agenda topics were: The world economic situation, monetary and financial problems, international trade, commodities, and miscellaneous items. Overall, the debate was carried on along traditional North-South lines with most developing countries seeking changes to improve their economic situation and most industrialized countries, including the United States, having reservations on the G-77 proposals.

The debate was sharpened by the experiences of many countries in wrestling with the worldwide recession, the most severe of several decades. The economies of developed and developing countries were shaken, many of the new middle-income countries were heavily in debt, and foreign exchange earnings from trade had dwindled. While the signs of recovery in the United States and several other industrial countries were clear, the situation remained desperate for many of the poor countries.

There was more agreement among developing countries than among industrialized countries at their pre-Conference caucuses and this became evident during the Conference. Even on a statement of the world economic situation there was a lack of agreement among delegations. A working group report based largely on a formulation by the G-77 during its April preparatory meeting in Buenos Aires was adopted as a statement of the Conference. But the United States disassociated itself from the text saying it was "... too negative, one-sided, and in places too ideological" to be accepted: The United Kingdom, Germany and Japan also had serious reservations about the text.

The final results of the negotiations fell short of the expectations of many participants. The Conference had been opened by the Secretary General of the United Nations who noted that the meeting was being held at a moment when international economic affairs had reached a critical juncture unparalleled in recent times. The world

⁴This was subsequently held in Buenos Aires in 1982.

had been in a recession which had seriously affected developing and developed countries alike and the poorest countries had probably suffered most. The Secretary General of UNCTAD stated that the Conference had to work out a response to the "immediate" economic crisis and to reflect on the longer term process of economic cooperation and development for the benefit of all nations. He put special emphasis on the need to enlarge resource flows through the multilateral financial institutions.

Although the Conference did not contribute to any major initiatives in the North-South dialogue, it reiterated support for several programs approved at previous UNCTAD sessions, such as the Generalized System of Preferences (GSP), the Integrated Program for Commodities, and the special new action program for the least-developed countries. Also, the Conference reaffirmed and, to some extent, broadened the mandate of the UNCTAD Secretary General to review the implementation of these programs and to continue working in other areas such as transfers of technology and economic cooperation among developing countries.

The discussion on commodities centered principally around accelerating the pace of ratifications to the Common Fund Agreement. By the close of the conference, some 55 countries had ratified, but 90 were required to bring it into force. Thus far, the United States has expressed reservations on participating in the Common Fund. Without U.S. participation, the level of funding required to make the agreement effective probably could not be attained.

A consensus was reached that (all) countries should refrain from policies which would destabilize commodity markets and that the UNCTAD Committee on Commodities should study the feasibility of provisional 'arrangements' for commodities of particular interest to developing countries not covered by international commodity agreements. With respect to negotiations for a new wheat agreement, the consensus resolution urged all governments concerned to consider within the International Wheat Council, at its next session, the early resumption of the UN Conference on Wheat.

The Conference also adopted by consensus a resolution reaffirming the need for developing countries to participate more in the processing, marketing, and distribution of their own commodities for export. The UNCTAD Committee on Commodities was tasked with formulating elements of a framework for international cooperation in this field. A related resolution was adopted on strengthening the International Trade Center's role in providing technical assistance to developing countries in market research, development, and promotion for commodities.

On several agenda items, debate was complicated by differing views on the competence of UNCTAD to deal with certain issues. These issues were primarily international finances and particularly the functioning of the IMF, the handling of developing countries' debts, and the level of resources for IBRD lending. On many of these issues the United States voted "no" to resolutions as formulated and several other OECD countries also declared their reservations.

It is clear from UNCTAD VI that in the years ahead, trade will be a dominant concern of many developing countries—particularly those in the middle-income bracket which cannot depend on oil exports to fuel their development. Measures to expand the exports of the LDC's and hasten structural adjustment in the developed countries will likely be key themes at subsequent UNCTAD meetings and other international forums.

These measures will deal with processed agricultural products as well as unprocessed commodities. Many developing countries will likely advocate greater government intervention—and less emphasis on market forces—to accomplish these objectives.

At the conclusion of UNCTAD VI there were delegations among both the developing and the industrial countries (including the United States) who questioned whether UNCTAD was a useful forum for attempting to bridge differences on international economic affairs. For the United States, questions included the way in which the debate was carried on, the role of the Secretariat, and the duplication of efforts carried out in other international forums. As of spring 1984, answers were not yet in and a verdict not yet reached.

13. EMERGING ISSUES AND INSTITUTIONAL ARRANGEMENTS

Goals and Targets

While developing countries differ widely on tactics, they have been impressively united in seeking development targets such as the UN goal of 1 percent of developed countries' GNP for net financial transfers to the less developed countries. They have also been united in seeking fundamental changes in economic relationships and the process by which decisions are made on international economic matters. For some developing countries, the issue of external aid and increased trade are surrogates for effecting a redistribution of the world's wealth and creating a new international economic order.

Development Assistance or a New International Economic Order

On May 1, 1974, the Sixth Special Session of the UN General Assembly adopted, without vote, the concept of a "new international economic order" calling for significantly different relationships in the international economic system. Many factors led to the enunciation of a new international economic order, such as: increasing nationalism among some developing countries; frustration among many at the slow pace of their development; new hardships precipitated by higher priced oil and larger food imports; declining export earnings associated with the 1973-74 recession in most industrialized countries; and a decline in the real value of the assistance offered by major donor countries. However, a decisive factor in the tone of the new *démarche* was the example set by the OPEC countries and the significant increase in their economic and political power resulting from cartel policies on oil.

Two wide-ranging resolutions were passed in 1974. One outlined the proposed new relationship between industrialized and developing countries, and the second set forth a "Program of Action on the Establishment of a New International Economic Order." The resolutions were adopted with some 200 reservations by 20 industrialized countries, including Japan, Australia, and the United States. Then, in December 1974, in the regular session of the UN General Assembly, a "Charter of Economic Rights and Duties of States" was adopted by a vote of 120 for, 6 against (including the United States), and 10 abstentions. In international forums since then, the United States and other industrialized governments have continued to express general support for the aspirations of developing countries embodied in these resolutions, but they have steadfastly opposed a number of specific provisions.

In the resolutions and subsequent debates on establishing a new economic order, developing countries have endeavored to establish wide-ranging obligations on the part of industrialized countries, and corresponding rights for developing countries, with respect to levels of assistance in food aid, fertilizers, and development assistance:

trade, including pricing and access to markets; investment; transfer of resources and technology; and monetary reform. Debate has been particularly contentious on such questions as sovereignty over natural resources, since it affects foreign investment and multi-national corporations.

The significance of these UN resolutions on agricultural development lies in the acceptance by international organizations within the UN system that they need to relate their policies and programs to the accomplishment of the goals espoused. The problems and issues raised in pursuance of these goals are different from those associated with improving technology and increasing food production.

During the early 1980's, many developing countries were beset by problems arising from the worldwide recession and their heavy indebtedness to Western banks. Confrontations and debates on a new international economic order became muted. Nevertheless, the UN goals and strategies in the Second and Third Development Decade raised the issue of a UN role in bringing about income transfers from the more developed countries to the less developed countries and, within the latter, from the affluent to the poor. The formulation of socio-economic goals and the means to achieve them are usually handled through each country's own political process, and sovereign nations have been reluctant to open up this process to international agencies. Hence, debate has been spirited in such forums as the FAO on the subject of agrarian reform, with its implications for structural changes and equity considerations in agricultural policies.

Although the UN General Assembly seems to have lost some of its usefulness as an instrument for reconciling international political differences, the UN specialized agencies have grown more important as a forum and focal point for discussing economic development issues. Developing countries have recognized the value of their preponderant voting power within the UN system to orient its policies and programs toward their economic development. Industrialized countries, including the United States, have also recognized the value of international forums as a means of moderating differences on economic issues among member countries.

Targets of Developing Country Growth and Donor Assistance

The most broadly based international development goals are those enunciated by the United Nations. The United Nations set goals for the First, Second, and Third Development Decades (1960's through 1980's). While stated in general social and economic terms, the development goals set by the UN carry implications for the agricultural sectors of industrialized as well as developing countries. The targets include growth rates for the economies and agricultural sectors of developing countries, improvements in the pattern of trade to benefit developing countries, and levels of assistance from donor countries to facilitate the attainment of these targets.

A UN-appointed Committee for Development Planning¹ was convened in April 1975 to examine critical development issues in connection with a review of

¹*This committee, appointed by the UN Economic and Social Council, was comprised of 23 members from different countries, but appointed in their personal capacity. One U.S. national served on the committee and was rapporteur. A report on the committee's work was published in June 1975. The report's recommendations were debated in the United Nations, but few were adopted.*

progress in the Second Development Decade. Significantly, the committee considered the objectives of the new international economic order, as well as the targets of the Second Development Decade, as a basis for evaluating economic development progress during the 1970's.

Except for some OPEC countries, and some newly emergent industrial countries in Eastern Asia, the situation for many of the developing countries at the end of 1983 was little better than at the beginning of the decade. Indeed, in food and agriculture, the situation had become worse for many of the poorest countries, particularly in Africa.

Analyses of economic developments during the 1970's and early 1980's make clear that differences in per capita income and economic outlook have grown greater among the developing countries. A new "fourth world" has been identified—some 40 countries that have been most seriously affected in the recent turbulent economic period, and whose resources in relation to population are poor. These countries are preponderantly rural. For the billion or more people who live in them, the prospects for better nutrition and better economic conditions generally remain dim—particularly in the rural areas.

An aid target of 1 percent of donor country GNP, with 0.7 percent representing official development assistance, was passed by the General Assembly, but not agreed to by all donor countries. The target has been referred to in subsequent statements and resolutions of UN agencies. The World Food Conference also set a target of \$5 billion a year, in 1975 prices, in external development assistance for food and agriculture. This figure has been updated by the World Food Council Secretariat as \$8.3 billion in 1977 dollars, and translated into 1983 dollars would be more than double the 1975 target. While there have been very significant increases in external assistance to the food and agriculture sectors of developing countries, it remains well below "target" during the early 1980's.

The International Development Strategy for the Third Development Decade

The UN, through its preparatory committee for the Third Development Decade, drafted a new strategy or "framework" to guide development efforts in the 1980's. Although there has been little agreement on specific targets or programs, all concur on the essential goals for the 1980's—substantial, sustained, and equitable increases in the living standards of the developing countries; and a more open, and more cooperative international economy. Substantive priorities include: increased agricultural production; the reshaping of development efforts to cope with energy problems; the creation of more productive, remunerative, and humane job opportunities to keep pace with growing populations—particularly among the young in developing countries; the intensification of efforts to slow population growth rates; and the acceleration of progress among the least developed, lowest income countries.

However, developed and developing countries continue to differ widely on the appropriate focus for the new International Development Strategy (IDS). The LDC's emphasize international economic policy and the responsibilities of the developed countries to provide assistance and make reforms which will promote LDC development goals. The developed countries, on the other hand, want to emphasize the internal constraints to development and the responsibilities of the LDC's for their own growth.

During the 1980's, the United States has focused attention on private investment and private sector initiatives as essential energizers for LDC development.

This difference in focus is most apparent in the area of targets. The developing countries stress the need to set firm foreign assistance targets, whereas the developed countries question whether meaningful targets can, in fact, be set for LDC growth, employment, and resource distribution. One of the major problems in setting out the goals and objectives for the IDS arises from the increasing diversity among the developing countries.

Because of the growing diversity among developing countries, the United States and other donor countries have begun to stress the need to "differentiate" among LDC's in designing international policies and assistance measures. The developed countries have also paid increasing attention to the concept of "graduation," whereby countries which have reached certain levels of development would no longer be eligible for special or preferential treatment. The graduation concept would apply to trade preferences, the allocation of official development assistance, or any other transaction where "rights and obligations" stem from levels of development.

Food Production, Commercialization, and Rural Development

Several issues will influence the allocation of resources to agriculture by the international organizations in the years ahead: population growth, rural development and equity in economic growth, and environmental concerns. The need to earn and save more foreign exchange is another factor. If LDC's can produce more of their food needs and manufacture more of their own fertilizers and related farm inputs, their foreign exchange balances can be improved. Also, if they can process more of their own commodities they might earn more and be better commercial customers for food and manufactured goods they need to import. Still another factor is a growing recognition of the interrelation of agricultural and industrial development and the need to achieve a better balance between them.

Despite the emphasis on agricultural commercialization and increasing food production, a second and somewhat conflicting emphasis on rural development has arisen among those concerned with social equity. The first effort focuses on the productive capability of larger agricultural enterprises with their potential for profits and increased output; the second often focuses on smaller farmers and landless rural workers, and is concerned with their earnings and equity in the emerging commercial agricultural systems of the developing countries. Although increased commercialization in agriculture may also lead to increased benefits for small farmers and rural workers, the record thus far indicates the need for special efforts to reach them.

This concern with greater equity in the rural sector was given new emphasis by the World Conference on Agrarian Reform and Rural Development which FAO hosted in the summer of 1979. The Conference focused less on increasing output than on those who were often bypassed in the development process: small farmers, rural women, and landless rural workers. FAO and other international organizations, as well as national governments, were pointedly charged with "dealing in" those who had profited little from economic growth.

The dual objectives of encouraging the growth of a commercial agriculture and of obtaining greater equity for smaller farmers and landless farm workers raise policy

issues for the multilateral aid organizations and the governments of developing countries they assist. For the governments concerned there are questions of tradeoffs, such as ameliorating current deprivation among the rural poor versus stimulating more production and earnings for the economy generally. For multilateral organizations, similar tradeoff questions arise.

When loans are made to smaller and less viable agricultural enterprises, the international finance agencies also face the problem of maintaining the quality of their loans. In designing projects and loans to reach smaller enterprises, there may need to be compromises with overall economic returns and with financial returns to individual entrepreneurs. And such loans may not provide rates of return as high as the international banks have had in the past. Seeking to reach more marginal groups within the economies of the developing countries—like helping the least developed countries—may create more work and higher administrative costs for the financial institution relative to the amount of the loan. Poorer operating ratios and higher operating costs may result. At issue is the portfolio “mix” of projects which emphasize production and those which stress socioeconomic objectives. Indeed, the World Bank and the Inter-American Development Bank have found it difficult to attain targeted levels of investment during the early 1980’s for the least developed countries they cover.

World Agriculture, Population Growth, and the Environment

Rising concern about the environment in the councils and forums of international organizations is having an impact on programs for agricultural development. Three aspects of this emergent issue as it pertains to agriculture should be noted:

Population

The Malthusian spectre of populations growing more rapidly than the means to sustain them, which cast a shadow over many developing countries in 1973-74, still seems a menace in 1983. The fear that food supplies cannot keep pace with growing populations in these countries has been given added dimension by environmentalists and others concerned with the quality of human life. Hence, there has been a growing concern by organizations in the UN family to organize and stimulate efforts by member governments to acknowledge the problem of unchecked population growth and to undertake specific actions to arrest that growth rate. These efforts are of particular concern in those countries where pressure on the arable land is already severe and the trend lines of food production and population growth portend a grim confrontation in the near future.

A Fund for Population Activities (UNFPA) has been established as the central funding and principal coordinating mechanism for population organizations within the UN. UNFPA finances projects related to every aspect of population and family planning—demography, education, research, advisory services, and training.

The United States has been a leader in the establishment and support of UNFPA. Contributions to UNFPA in 1979 amounted to \$112 million from 40 countries. Higher contributions representing percentage increases of 20-30 percent over 1978, were made by Denmark, the Federal Republic of Germany, Japan, the Netherlands,

Norway, and Sweden. The Fund has continued to attract donor governments' support and the United States continues to be the largest contributor.

Funds from UNFPA represent most of the expenditure on population by UN Agencies such as WHO, FAO, UNICEF and ILO. In 1979, FAO set up, with the assistance of UNFPA, a training project with the aim of improving agricultural planners' awareness of the importance of demographic-economic relationships and reinforcing the training capacity of regional institutions concerned with interaction between population growth and rural development.

Under UN sponsorship, a World Population Conference was held in Bucharest in August 1974. Among significant action proposals adopted by the conference are these: Governments should provide individuals the information and means for exercising the basic human right of spacing their children. Governments should include population policies and programs in their development planning. Reducing population growth and promoting socioeconomic development are mutually reinforcing and together lead to a higher quality of life. A follow-up conference was held in Mexico in August 1984 to assess progress during the 10 years and consider further actions.

The World Bank established a unit to study ways in which it could appropriately finance projects in the population field and began making loans concerned with population planning in 1973. IBRD population projects provide for clinic construction and other infrastructure, and seek to increase demand for family planning services by linking them with health care. The Board of Directors of the Asian Development Bank agreed, following a study of the subject, that ADB should move into the population sector, gradually; thus, ADB supports population/family planning mainly by integrating such elements into projects in the health sector.

The Human Environment

In June 1972, the United Nations convened a conference on the human environment hosted by Sweden. Divergent views as to the most urgent environmental problems were particularly marked between the less developed and the more developed countries. For the developing countries the most serious problem of the human environment was the persistent poverty of so many of their peoples. Moreover, they were concerned that the developed countries' preoccupation with environmental problems arising from industrialization and urbanization would deter efforts to modernize their own economies.

A UN panel of experts noted that environmental problems of developing countries may be categorized as follows: (1) those arising out of poverty (or the inadequacy of development), and (2) those that arise from the process of development itself. In agriculture, the experts noted that traditional systems of agricultural production often were more harmful than modern farm methods to productivity and hurt the ability of increasing populations to feed themselves from the land.

Resolutions passed during the UN Conference in Stockholm bearing on agricultural development cited the need to: strengthen work on conservation of genetic resources; study environmental aspects of livestock development; conduct studies on integrated pest control and the reduction of the harmful effects of agrochemicals; assess the economic value of wildlife and monitor the effects of pollution on wildlife; and conduct research and exchange information on forest fires, pests, and disease.

At issue in the debates on environmental problems in the developing countries is how external assistance may be allocated, and what kind of economies will emerge in the developing countries. Some environmentalists urge that many developing countries maintain basically agricultural economies organized to meet their food and employment needs and not patterned after the capital-intensive agro-industrial economies of the more developed countries.

The UN Environmental Program (UNEP) was established in 1972; its Governing Council and a small secretariat provide leadership and coordination for UN programs and activities bearing on environmental problems. Special consideration is indicated to avoid having environmental considerations or costs inhibit development programs of the less developed countries. Reports are made annually to the General Assembly through the Economic and Social Council. The costs of servicing the Governing Council and the small core secretariat are borne by the regular UN budget. On the other hand, costs of operating the program are covered by an Environmental Fund financed by voluntary contributions. Cooperation with member governments and nongovernment organizations concerned with problems of environment is good and cooperation with specialized agencies, particularly FAO, is extensive.

In 1979 voluntary contributions to the Environment Fund totaled \$32 million and by 1983 had grown to almost \$40 million. The Fund now supports environmental activities in 11 program areas, including human settlements and human health, environment and development, oceans, energy, environmental management, terrestrial ecosystems, environmental monitoring and information systems, arid lands (including desertification) and others.

The resolutions passed by the Conference on Human Environment and those of the General Assembly have led international organizations to evaluate some of their agricultural project requests in terms of environmental impact. The extent to which new environmental programs are undertaken and present agricultural programs are affected largely depends on the level of funding available to international organizations for this purpose. Moreover, the rural poor will seek to satisfy their food needs of today before becoming concerned with environmental considerations of another year. Some improvement in economic conditions, as well as better understanding, may be necessary to safeguard the environment.

Program Coordination and Effective Use of Resources

With the increased role of multilateral institutions in providing development assistance, the problem of coordination among organizations has grown more complex and compelling. While ultimate responsibility for in-country coordination rests with the recipient governments, the international organizations recognize that their available resources can be more usefully deployed if they take some measures to coordinate policies and programs. The principal multilateral assistance agencies have employed various means to coordinate their efforts and to deliver their program resources more effectively. These measures include country programming and sector analysis, as well as interagency consultations.

Country Programming and Sector Analysis

One way in which IBRD and FAO are seeking to improve deployment of resources for agricultural development is by conducting broad-gauged agricultural sector studies and relating these to the overall economies and national development plans of recipient countries. The sector analyses provide a starting point for determining what projects are likely to have the greatest potential for contributing to a country's agricultural development. Such analyses can provide the international organizations with appropriate priority projects to support.

FAO also conducts training in agricultural sector analysis to help officers concerned with development planning make the economic analyses needed to give assistance agencies information on costs and benefits of alternative projects.

The UNDP, following internal reviews, has taken steps to improve its coordinating efforts. Country programming is a principal means of linking the various UN assistance programs with the objectives of individual country development plans. Country programming for agriculture has been carried on under joint UNDP/FAO country representatives who have responsibility for recommending specific development projects for UNDP/FAO approval. If the programming activities are placed within the framework of an FAO indicative plan for the country or the UNDP's 5-year aid plans, individual project proposals can be evaluated in terms of their contributions to the country's projected development.

The World Food Council has stimulated integrated planning for food and agricultural objectives, particularly for low-income, food-deficit countries. The WFC is working to bring together countries seeking to develop national food strategy plans with national and international aid agencies. By the spring of 1984 some 50 such countries had sought assistance in getting such planning underway, and the WFC has begun an evaluation of results.

Efforts at making country programming a useful tool for coordination and rationalization of external assistance raise several questions: How broad should the scope of programming activities be? Which international organizations should participate? Where should programming responsibility be placed—within the UN system or with some ad hoc consortium of bilateral and multilateral agencies?

The coordination issue transcends programs in the agricultural sector and touches on the overall development strategy of a country and the acceptance of that strategy by external assistance organizations. Despite gains in planning competency and increasing sophistication in the uses of development models and computers, few developing countries are prepared to make such comprehensive economic analyses and break them down to project size for use by specialized agencies of the United Nations.

Interagency Coordination

International organizations providing assistance are increasing efforts to coordinate their activities where countries receive aid from several multilateral and bilateral agencies. The mechanism for such coordination, and the agency taking the lead in bringing it about, vary with the particular country situation. Consortia have made several attempts to coordinate development assistance activities. The World Bank has sponsored groups in India, Pakistan, Sri Lanka, Colombia, East Africa, Indonesia, Korea, Malaysia, Morocco, Nigeria, Peru, Sudan, Thailand, and Tunisia. The IMF and the IDB

organized groups for other countries. These efforts at coordination have had mixed results; a number of the groups have ceased to function on a regular basis. According to OECD, a major problem lies in donor reluctance to endorse country plans and to relate their aid to local priorities. Another has been the different interests that each donor agency brings to the consortia. These differences, both economic and political, influence the approach each favors and make agreements difficult to achieve.

While the consortia organized by IBRD actually pledge money, consultative groups which make no such commitment find it easier to reach agreement on program issues. The Development Assistance Committee of OECD is a consultative group of donor countries which focuses on problems of particular countries from time to time, but does so without direct action by either donor or receiver country. According to OECD, however, consultative groups have often lacked some effectiveness because their views were not directly associated with those of the entities providing external capital assistance.

Extensive coordination takes place among multilateral agencies—and with USAID and other major bilateral agencies—on a less formal basis than that of organized consortia or consultative groups or the contractual arrangements such as those between FAO and IBRD. For example, IBRD analyses of the economies of borrowing countries, its sector studies, and reports appraising IBRD and IDA projects are made available to organizations in the UN family and regional development banks. In turn, papers on country programming prepared by UNDP resident representatives are made available to country and regional officers in the international banks as well as appropriate agencies in the UN system.

During 1982-83, the UNDP took steps to effect coordination with several other UN agencies concerned with socio economic problems. It joined with the WFP, UNICEF and UNFPA in planning and implementing projects to achieve greater complementarity and more coordinated programming. At the same time, the UNDP appointed a Coordinator of Assistance to the Least Developed Countries to serve within UNDP's Planning and Coordination Office to give coherence to the many special funds and activities, especially concerning the least developed nations.

As previously indicated, the World Food Council was established to help coordinate the activities of the several international organizations concerned with food and agricultural development. In a study in 1983 which looked at coordination, the WFC found that at the working staff levels, cooperation among the food agencies headquartered in Rome had been good. Some suggest that the FAO, since it is the principal UN agency involved and has the broadest range of agricultural development activities, should also have a coordinating function. Others feel that there may be too many international organizations wanting to coordinate and that the effect is to pyramid bureaucracies. At issue is who will control and direct the flow of resources for food and agricultural development purposes. Different international organizations with separate governing bodies are likely to establish different criteria for disbursing aid.

In some developing countries, the coordination question is in part answered by their preference for a transfer of resources with a minimum of strings and involvement by donor institutions in the way the resources are utilized. For them the question is less a matter of efficient use of development resources than political independence in the deployment of external transfers. Hence, efforts to bring about such transfers in a mechanical fashion, through a fixed proportion of GNP or through commodity agree-

ments which assure export earnings for the developing countries, are pushed by many of them.

Similarly, a restructuring of the UN system, proposed by some developing countries, to make it a more effective economic development instrument for the developing country majority in the General Assembly would shift more control over development resources into their hands.

Proposals have also been made to strengthen the role of the General Assembly with respect to the specialized agencies and other parts of the UN system. While the move might improve coordination of social and economic development activities by UN agencies, it could also enhance developing country influence in such activities since they have preponderant voting power in the General Assembly. The specialized agencies and other autonomous bodies of the United Nations, including FAO, registered reservations on some of the coordination plans as discussed. Since each of the specialized agencies has its own governing bodies made up of member nations, it is not clear how these bodies and principal donor governments would respond to a reduction in operating autonomy.²

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This survey of multilateral assistance during the decade since the World Food Conference of 1974 traces the important role played by the international organizations in helping attain targets set by the Conference participants. During this period, the United States exercised leadership in the work of the international organizations and provided a major share of their resources. While there has been some tapering off of multilateral aid during the early 1980's, resources for the food and agriculture sector continue to be strong. And the decade records substantial achievements in food production in most developing countries (with the notable exception of many in Africa.)

This study also notes a growing difference between donor and recipient countries in attitudes toward the role of international agencies in the overall development process, of which agriculture is a major part. Some of this difference stems from the change in membership of UN organizations in the past two decades, and the resulting shift in voting power to the less developed countries. Developing countries are seeking to use their UN power to transform international agencies from deliberative to quasi-legislative bodies for achieving significant changes in the international economic system with a larger share of the benefits accruing to them. International organizations are seeking to become centers for harmonizing the actions of nations and moderating differences.

The United States has used its position of leadership to advance administrative reforms and to limit the growth of international organizations. On the substantive side, the United States urged the multilateral agencies to give more attention to developing

²*Representatives to the UN specialized agencies usually come from ministries dealing with agriculture, industry, health, or trade, while representatives to the UNGA in New York are usually from foreign ministries. Hence, government spokesmen in the governing bodies of UN's specialized agencies may interpret their governments' views on agency autonomy somewhat differently than their counterparts at the UN.*

country agricultural policies and to the potential for private sector investments in those countries. The preeminence of the United States in food and agriculture has given its views and presence a special weight in international forums.

But the presence of grain surpluses at the world level while large numbers in many parts of the world remain malnourished, suggests that the problem of hunger cannot be solved on the farm alone nor by focusing solely on agricultural technology. This has led the World Food Council to emphasize national food sector strategies, linking farm policies with food policies. This emphasis was reaffirmed at the WFC 1984 Ministerial meeting, and seems to have continuing relevance.

The worldwide recession of the early 1980's and the indebtedness of many developing countries brought into sharper focus the interdependence of the agriculture sector with national and international economies generally. The heavy indebtedness of poor countries in Africa and the middle-income countries of Latin America also underscored the need for opening up trade so developing countries could export and earn more in world markets to meet their debt and development needs.

These issues will continue to figure importantly in agendas of international organizations: gross imbalances in world food supplies, with hunger persisting despite world surpluses; impediments to trade, and thereby to export earnings for developing countries which might help them meet their indebtedness; and the growing interdependence among economic sectors and national economies. The United States, as the world's largest and most dynamic economy, will need to address these issues in international forums; a leadership role by America will continue to be important to assure constructive use of multilateral resources.

